Special note – we’ve told the students they can old read the top 3 advantages (integration, energy, immigration). Some of them might take stuff out/change cards, but none of the other advantages will be read.

AFF answers to tpp disad

<http://www.canambusco.org/resources/UofMiamiPerspectives-Pastor-NA_or_Asia-FINAL.pdf>

## 1AC

### 1AC – North American Integration

#### Advantage 1: North American Integration

#### North American regional economic strength is vulnerable. A breakdown of cooperation with Mexico would cause the decline of American power.

Clarkson & Mildenberger ‘11 Stephen Clarkson, professor of political economy, University of Toronto, and former fellow, Woodrow Wilson Center Matto Mildenberger, Ph.D. student, Yale School of Forestry and Environmental Studies Dependent America?: How Canada and Mexico Construct Us Power p. 272

The United States’ relationship with Canada and Mexico thus presents a paradox. Does North America Exist? showed that globalization was reducing the salience of North America as an economic entity, whether in the steel sector ‘s global restructuring or in the international consolidation of banking regulations. However, even as North American regionalism falters, the United States’ immediate periphery is becoming a more important partner in sustaining its material power. Constrained by its global partners’ superior growth rates, the United States can still count on the unusually beneficial economic relationship it quietly maintains with its continental periphery. Although it normally ignores its neighbours’ interests when dealing with other countries, its gradual decline no longer affords Washington this luxury without having to pay a price. That price is its two neighbours expanding their strategic gaze from the continent to the world. Canada and Mexico are endeavouring to strengthen their economic links with other countries. Indian capital is already investing in iron-ore extraction in Quebec, while Chinese firms are staking out Alberta’s tar sands. Even with disputes over Newfound land’s seal industry and its visa restrictions on Czech visitors, Canada has busily negotiated a comprehensive economic trade agreement with the European Union. Hosting the G-20 Economic Summit in 2012, Mexico is positioning itself as the champion of emerging economies and the developing world. This economic internationalization could mitigate Canada’s and Mexico’s lopsided dependencies on a US market to which their access has been curtailed since 9/11. Should they succeed in diversifying their economic links by attracting more FDI from overseas and should their extra-regional imports and exports abroad begin to expand more than their intra-regional trade, the United States’ economic perimeter in North America will contract, and their construction of US material strength will ipso facto diminish. The North American periphery has been Uncle Sam’s gold-laying goose for as long as most can remember. It would make an ironic epitaph for the United States’ hegemonic decline if alienating its most valuable and easily cultivated foreign asset accelerated its self-induced fall.

#### The plan will accelerate effective investment in Mexico and provide a foundation for North American integration

Pastor ‘8 – Prof and founding director of the Center for North American Studies

Robert, The Future of North America, July/August, <http://www.american.edu/sis/cnas/upload/ForeignAffairs_Pastor_On_NA_072008.pdf>, CMR

Another challenge is to narrow the gap in income that separates¶ Mexico from its northern neighbors by creating a North American¶ investment fund. The fund should target $20 billion a year to connect¶ central and southern Mexico to the United States with roads, ports,¶ and communications. With the goal of building a North American¶ Community, all three governments should commit to narrowing the¶ income gap, with each deciding how it could best contribute. Since¶ it will beneﬁt the most, Mexico should consider contributing half of¶ the money for the fund and also undertake reforms—ﬁscal, energy,¶ and labor—to ensure that the resources would be effectively used. The¶ United States should contribute each year 40 percent of the fund’s¶ resources—less than half the cost each week of the war in Iraq—and¶ Canada, 10 percent. Since naftawas put into place, the northern part¶ of Mexico has grown ten times as fast as the southern part because it¶ is connected to the Canadian and U.S. markets. North America can¶ wait a hundred years for southern Mexico to catch up, or it can help¶ accelerate its development—which would have positive consequences¶ in terms of reducing emigration, expanding trade, and investing in¶ infrastructure to help Mexico enter the developed world.¶ North America’s model of integration is diªerent from Europe’s.¶ It respects the market more and trusts bureaucracy less. Still, some¶ institutions are needed to develop continental proposals, monitor¶ progress, and enforce compliance. The three leaders should institutionalize summit meetings at least annually, and they should establish a North¶ American commission composed of independent and distinguished¶ leaders from academia, civil society, business, labor, and agriculture¶ and with an independent research capacity. The commission should¶ oªer continental proposals to the three leaders. The leaders would¶ continue to be staffed by their respective governments, but they would¶ respond to a continental, rather than a dual-bilateral, agenda. The¶ commission should develop a North American plan for transportation¶ and infrastructure and plans on labor, agriculture, the environment,¶ energy, immigration, drug tra⁄cking, and borders.¶ The three heads of state must also commit to building a new¶ consciousness, a new way of thinking about one’s neighbors and¶ about the continental agenda. Americans, Canadians, and Mexicans¶ can be nationals and North Americans at the same time. Indeed,¶ an appreciation of one’s neighbors as part of a compelling North¶ American idea could enhance the prestige of each country.To educate¶ a new generation of students to think North American, each country¶ should begin by supporting a dozen centers for North American¶ studies. Each center should educate students, undertake research,¶ and foster exchanges with other North American universities for¶ both students and faculty.¶ This is a formidable agenda that could transform North America¶ and each of its states. It is not possible without a vision, and it is not¶ feasible without real leadership and credible institutions. But with all¶ three, a North American Community can be built. The existence of¶ such a community would mean that the United States would consult¶ its neighbors on important issues that aªected them. It would mean¶ that Canada would work closely with Mexico to build rule-based¶ institutions and to develop a formula for closing the development¶ gap. It would mean that Mexico would undertake reforms to make¶ good use of the additional resources.¶ This is a very diªerent agenda than seeking to improve working¶ conditions and the environment by rewriting nafta and threatening¶ to increase tariªs. Labor and environmental issues should be part of¶ the North American dialogue working to improve the continent, but¶ there is no evidence that foreign investors move to Mexico in order¶ to take advantage of lax labor and environmental rules. Quite the¶ contrary: Mexico’s labor laws are so rigid that they often discourage¶ foreign investors. Moreover, they incorporate the eight core international labor standards, whereas the United States has not approved¶ six of them. As for its environmental laws, Mexico maintains standards that are quite good; the problem is that it lacks funds for enforcement or cleanup.¶ The immigration issue also needs to be addressed in this broader¶ context. A fence is needed in some places, but building a 700-mile¶ wall would be more insulting than eªective. If the United States is¶ going to try to forge a community, it needs to articulate an approach¶ that acknowledges that it is complicit in the immigration problem in¶ hiring illegal immigrants, who work harder for less. More important, if¶ the United States were to join with Mexico in a serious commitment¶ to narrow the income gap, then cooperation over other issues would¶ become possible. The best place to enforce immigration policy is in¶ the workplace, not at the border, but national, biometric identiﬁcation¶ cards will be needed for everyone to make the policy eªective, and a¶ path to legalization will be needed to make it just.

#### Growing strong regional relations is a prerequisite to continued US power projection and supremacy.

Pastor 12 Robert A. Pastor is professor and director of the Center for North American Studies at American University. Pastor served as National Security Advisor on Latin America during the Carter Administration. “Beyond the Continental Divide” From the July/August 2012 issue of The American Interest http://www.the-american-interest.com/article.cfm?piece=1269

Most Americans think that the largest markets for U.S. exports are China and Japan, and that may explain the Obama Administration’s Asian initiative. But the truth is that Canada and Mexico are the top two markets for U.S. exports. Most Americans also think that Saudi Arabia and Venezuela are the largest sources of our energy imports, but again, Canada and Mexico are more important. And again, we think that most tourists who come and spend money here are European and Asian, but more than half are Canadians and Mexicans. A similar percentage of Americans who travel abroad go to our two neighbors. All in all, no two nations are more important for the U.S. economy than our two closest neighbors. From the perspective of U.S. national security, too, recall for a moment that Mexico and Canada made an historic gamble in signing NAFTA. Already dependent on the behemoth next door and wary of the imbalance of power, both countries feared that NAFTA could make them more vulnerable. Still, they hoped that the United States would be obligated to treat them on an equal and reciprocal basis and that they would prosper from the agreement. Canadians and Mexicans have begun to question whether they made the right choice. There are, of course, a wealth of ways to measure the direct and indirect impact of NAFTA, but political attention, not without justification, tends to focus on violations of the agreement. The U.S. government violated NAFTA by denying Mexican trucks the right to enter the United States for 16 years, relenting in the most timid way, and only after Mexico was permitted by the World Trade Organization to retaliate in October 2011. And for more than a decade, Washington failed to comply with decisions made by a dispute-settlement mechanism regarding imports of soft-wood lumber from Canada. More recently, the United States decided to build a huge wall to keep out Mexicans, and after a three-year process of reviewing the environmental impact of the Keystone XL pipeline from western Canada to the Gulf of Mexico, this past December 2011 President Obama decided to postpone the decision for another year. This is the sort of treatment likely to drive both Canada and Mexico to conclude that depending on the United States was the wrong decision. Imagine for a moment what might happen if Canada and Mexico came to such a conclusion. Canada might divert its energy exports to China, especially if China guaranteed a long-term relationship at a good price. Mexico would diversify with South America and China and might be less inclined to keep America’s rivals, like Iran, at arm’s length. Is there anyone who thinks these developments would not set off national security alarms? A very old truth would quickly reassert itself: The United States can project its power into Asia, Europe and the Middle East in part because it need not worry about its neighbors. A new corollary of that truth would not be far behind: Canada and Mexico are far more important to the national security of the United States than Iraq and Afghanistan. Beyond the economy and national security, our two neighbors have societal ties to the United States that make all other ethnic connections seem lean in comparison. By 2015, there will be about 35 million people in the United States who were either born in Mexico or whose parents were born in Mexico; that number exceeds the total population of Canada. Canadians in the United States don’t stand out as much as do Mexicans, but nearly a million Canadians live in the United States. And more Americans live in Mexico than in any other foreign country. In sum, the economy, national security and society of the United States, Mexico and Canada are far more intertwined than most U.S., Canadian and Mexican citizens realize. Most Americans haven’t worried about Mexico in strategic terms since the days of Pancho Villa, or about Canada since the 1814 Battle of Plattsburgh. That’s unwise. Bad relations with either country, let alone both, would be disastrous. On the other hand, deeper relations could be vastly beneficial. We don’t seem ready to recognize that truth either.

#### Loss of American power projection capacity causes global war.

Brooks, Ikenberry, and Wohlforth ’13 (Stephen, Associate Professor of Government at Dartmouth College, John Ikenberry is the Albert G. Milbank Professor of Politics and International Affairs at Princeton University, William C. Wohlforth is the Daniel Webster Professor in the Department of Government at Dartmouth College “Don’t Come Home America: The Case Against Retrenchment,” International Security, Vol. 37, No. 3 (Winter 2012/13), pp. 7–51)

A core premise of deep engagement is that it prevents the emergence of a far more dangerous global security environment. For one thing, as noted above, the United States’ overseas presence gives it the leverage to restrain partners from taking provocative action. Perhaps more important, its core alliance commitments also deter states with aspirations to regional hegemony from contemplating expansion and make its partners more secure, reducing their incentive to adopt solutions to their security problems that threaten others and thus stoke security dilemmas. The contention that engaged U.S. power dampens the baleful effects of anarchy is consistent with influential variants of realist theory. Indeed, arguably the scariest portrayal of the war-prone world that would emerge absent the “American Pacifier” is provided in the works of John Mearsheimer, who forecasts dangerous multipolar regions replete with security competition, arms races, nuclear proliferation and associated preventive war temptations, regional rivalries, and even runs at regional hegemony and full-scale great power war. 72 How do retrenchment advocates, the bulk of whom are realists, discount this benefit? Their arguments are complicated, but two capture most of the variation: (1) U.S. security guarantees are not necessary to prevent dangerous rivalries and conflict in Eurasia; or (2) prevention of rivalry and conflict in Eurasia is not a U.S. interest. Each response is connected to a different theory or set of theories, which makes sense given that the whole debate hinges on a complex future counterfactual (what would happen to Eurasia’s security setting if the United States truly disengaged?). Although a certain answer is impossible, each of these responses is nonetheless a weaker argument for retrenchment than advocates acknowledge. The first response flows from defensive realism as well as other international relations theories that discount the conflict-generating potential of anarchy under contemporary conditions. 73 Defensive realists maintain that the high expected costs of territorial conquest, defense dominance, and an array of policies and practices that can be used credibly to signal benign intent, mean that Eurasia’s major states could manage regional multipolarity peacefully without the American pacifier. Retrenchment would be a bet on this scholarship, particularly in regions where the kinds of stabilizers that nonrealist theories point to—such as democratic governance or dense institutional linkages—are either absent or weakly present. There are three other major bodies of scholarship, however, that might give decisionmakers pause before making this bet. First is regional expertise. Needless to say, there is no consensus on the net security effects of U.S. withdrawal. Regarding each region, there are optimists and pessimists. Few experts expect a return of intense great power competition in a post-American Europe, but many doubt European governments will pay the political costs of increased EU defense cooperation and the budgetary costs of increasing military outlays. 74 The result might be a Europe that is incapable of securing itself from various threats that could be destabilizing within the region and beyond (e.g., a regional conflict akin to the 1990s Balkan wars), lacks capacity for global security missions in which U.S. leaders might want European participation, and is vulnerable to the influence of outside rising powers. What about the other parts of Eurasia where the United States has a substantial military presence? Regarding the Middle East, the balance begins to swing toward pessimists concerned that states currently backed by Washington— notably Israel, Egypt, and Saudi Arabia—might take actions upon U.S. retrenchment that would intensify security dilemmas. And concerning East Asia, pessimism regarding the region’s prospects without the American pacifier is pronounced. Arguably the principal concern expressed by area experts is that Japan and South Korea are likely to obtain a nuclear capacity and increase their military commitments, which could stoke a destabilizing reaction from China. It is notable that during the Cold War, both South Korea and Taiwan moved to obtain a nuclear weapons capacity and were only constrained from doing so by a still-engaged United States. 75 The second body of scholarship casting doubt on the bet on defensive realism’s sanguine portrayal is all of the research that undermines its conception of state preferences. Defensive realism’s optimism about what would happen if the United States retrenched is very much dependent on its particular—and highly restrictive—assumption about state preferences; once we relax this assumption, then much of its basis for optimism vanishes. Specifically, the prediction of post-American tranquility throughout Eurasia rests on the assumption that security is the only relevant state preference, with security defined narrowly in terms of protection from violent external attacks on the homeland. Under that assumption, the security problem is largely solved as soon as offense and defense are clearly distinguishable, and offense is extremely expensive relative to defense. Burgeoning research across the social and other sciences, however, undermines that core assumption: states have preferences not only for security but also for prestige, status, and other aims, and they engage in trade-offs among the various objectives. 76 In addition, they define security not just in terms of territorial protection but in view of many and varied milieu goals. It follows that even states that are relatively secure may nevertheless engage in highly competitive behavior. Empirical studies show that this is indeed sometimes the case. 77 In sum, a bet on a benign postretrenchment Eurasia is a bet that leaders of major countries will never allow these nonsecurity preferences to influence their strategic choices. To the degree that these bodies of scholarly knowledge have predictive leverage, U.S. retrenchment would result in a significant deterioration in the security environment in at least some of the world’s key regions. We have already mentioned the third, even more alarming body of scholarship. Offensive realism predicts that the withdrawal of the American pacifier will yield either a competitive regional multipolarity complete with associated insecurity, arms racing, crisis instability, nuclear proliferation, and the like, or bids for regional hegemony, which may be beyond the capacity of local great powers to contain (and which in any case would generate intensely competitive behavior, possibly including regional great power war). Hence it is unsurprising that retrenchment advocates are prone to focus on the second argument noted above: that avoiding wars and security dilemmas in the world’s core regions is not a U.S. national interest. Few doubt that the United States could survive the return of insecurity and conflict among Eurasian powers, but at what cost? Much of the work in this area has focused on the economic externalities of a renewed threat of insecurity and war, which we discuss below. Focusing on the pure security ramifications, there are two main reasons why decisionmakers may be rationally reluctant to run the retrenchment experiment. First, overall higher levels of conflict make the world a more dangerous place. Were Eurasia to return to higher levels of interstate military competition, one would see overall higher levels of military spending and innovation and a higher likelihood of competitive regional proxy wars and arming of client states—all of which would be concerning, in part because it would promote a faster diffusion of military power away from the United States. Greater regional insecurity could well feed proliferation cascades, as states such as Egypt, Japan, South Korea, Taiwan, and Saudi Arabia all might choose to create nuclear forces. 78 It is unlikely that proliferation decisions by any of these actors would be the end of the game: they would likely generate pressure locally for more proliferation. Following Kenneth Waltz, many retrenchment advocates are proliferation optimists, assuming that nuclear deterrence solves the security problem. 79 Usually carried out in dyadic terms, the debate over the stability of proliferation changes as the numbers go up. Proliferation optimism rests on assumptions of rationality and narrow security preferences. In social science, however, such assumptions are inevitably probabilistic. Optimists assume that most states are led by rational leaders, most will overcome organizational problems and resist the temptation to preempt before feared neighbors nuclearize, and most pursue only security and are risk averse. Confidence in such probabilistic assumptions declines if the world were to move from nine to twenty, thirty, or forty nuclear states. In addition, many of the other dangers noted by analysts who are concerned about the destabilizing effects of nuclear proliferation—including the risk of accidents and the prospects that some new nuclear powers will not have truly survivable forces—seem prone to go up as the number of nuclear powers grows. 80 Moreover, the risk of “unforeseen crisis dynamics” that could spin out of control is also higher as the number of nuclear powers increases. Finally, add to these concerns the enhanced danger of nuclear leakage, and a world with overall higher levels of security competition becomes yet more worrisome. The argument that maintaining Eurasian peace is not a U.S. interest faces a second problem. On widely accepted realist assumptions, acknowledging that U.S. engagement preserves peace dramatically narrows the difference between retrenchment and deep engagement. For many supporters of retrenchment, the optimal strategy for a power such as the United States, which has attained regional hegemony and is separated from other great powers by oceans, is offshore balancing: stay over the horizon and “pass the buck” to local powers to do the dangerous work of counterbalancing any local rising power. The United States should commit to onshore balancing only when local balancing is likely to fail and a great power appears to be a credible contender for regional hegemony, as in the cases of Germany, Japan, and the Soviet Union in the midtwentieth century. The problem is that China’s rise puts the possibility of its attaining regional hegemony on the table, at least in the medium to long term. As Mearsheimer notes, “The United States will have to play a key role in countering China, because its Asian neighbors are not strong enough to do it by themselves.” 81 Therefore, unless China’s rise stalls, “the United States is likely to act toward China similar to the way it behaved toward the Soviet Union during the Cold War.” 82 It follows that the United States should take no action that would compromise its capacity to move to onshore balancing in the future. It will need to maintain key alliance relationships in Asia as well as the formidably expensive military capacity to intervene there. The implication is to get out of Iraq and Afghanistan, reduce the presence in Europe, and pivot to Asia— just what the United States is doing. 83 In sum, the argument that U.S. security commitments are unnecessary for peace is countered by a lot of scholarship, including highly influential realist scholarship. In addition, the argument that Eurasian peace is unnecessary for U.S. security is weakened by the potential for a large number of nasty security consequences as well as the need to retain a latent onshore balancing capacity that dramatically reduces the savings retrenchment might bring. Moreover, switching between offshore and onshore balancing could well be difªcult. Bringing together the thrust of many of the arguments discussed so far underlines the degree to which the case for retrenchment misses the underlying logic of the deep engagement strategy. By supplying reassurance, deterrence, and active management, the United States lowers security competition in the world’s key regions, thereby preventing the emergence of a hothouse atmosphere for growing new military capabilities. Alliance ties dissuade partners from ramping up and also provide leverage to prevent military transfers to potential rivals. On top of all this, the United States’ formidable military machine may deter entry by potential rivals. Current great power military expenditures as a percentage of GDP are at historical lows, and thus far other major powers have shied away from seeking to match top-end U.S. military capabilities. In addition, they have so far been careful to avoid attracting the “focused enmity” of the United States. 84 All of the world’s most modern militaries are U.S. allies (America’s alliance system of more than sixty countries now accounts for some 80 percent of global military spending), and the gap between the U.S. military capability and that of potential rivals is by many measures growing rather than shrinking. 85

#### North American integration key to solve democracy, disease, and the environment

Céspedes ‘8 – Diplomat in Residence, School of International Service and Senior Fellow,Center for North American Studies

Ernesto, North America, Security, and the Next US¶ National Security Strategy:¶ A Reflection, April 29, <http://www.american.edu/sis/cnas/upload/0804Cespedes_Reflection.pdf>, CMR

Under the topic “Working with others in defusing regional conflicts”, Mexico and¶ Canada, along with Brazil, Chile, and Colombia, were mentioned as part of a group of¶ countries with which the US had “…formed flexible coalitions… Together we will¶ promote a truly democratic hemisphere where our integration advances security,¶ prosperity, opportunity, and hope.”¶ 19¶ Not even bilateral cooperation with Mexico against drug trafficking was in the minds of¶ the post-9/11 security strategists: “Parts of Latin America confront regional conflict,¶ especially arising from the violence of drug cartels and their accomplices. This conflict¶ and unrestrained narcoticstrafficking could imperil the health and security of the United¶ States. Therefore we have developed an active strategy to help the Andean nations adjust¶ their economies, enforce their laws, defeat terrorist organizations, and cut off the supply¶ of drugs, while—as important—we work to reduce the demand for drugs in our own ¶ country.”¶ 20¶ An expanded and updated version of the NSS, published in March of 2006, restored¶ modest mentions of Canada and Mexico. The first one was implicit, not obviously¶ referring to North American countries exclusively, but certainly using reconciliatory¶ language: “America’s relations with other nations have been strong enough to withstand ¶ differences and candid exchanges of views… Some of our oldest and closest friends¶ disagreed with U.S. policy in Iraq. There are ongoing and serious debates with our allies¶ about how best to addressthe unique and evolving nature ofthe global terrorist threat.”¶ 21¶ As part of the regional sections of the 2006 NSS, the already well-established bilateral¶ and trilateral cooperative efforts with Mexico and Canada, especially through the¶ Security and Prosperity Partnership for North America, were modestly reflected: “…Our¶ strategy for the Hemisphere begins with deepening key relationships with Canada and¶ Mexico, a foundation of shared values and cooperative policies that can be extended¶ throughout the region. We must continue to work with our neighbors in the Hemisphere¶ to reduce illegal immigration and promote expanded economic opportunity for¶ marginalized populations.”¶ 22¶ The 2006 NSS reflects also –and only-- as “challenges of globalization” issues like¶ “Public health challengeslike pandemics(HIV/AIDS, avian influenza) that recognize no¶ borders…illicit trade, whether in drugs, human beings, or sex, that exploits the modern¶ era’s greater ease of transport and exchange…Environmental destruction, whether caused¶ by human behavior or cataclysmic mega-disasters such as floods, hurricanes,¶ earthquakes, or tsunamis…These challenges are not traditional national security¶ concerns, such as the conflict of arms or ideologies. But if left unaddressed they can ¶ threaten national security.”¶ It is very indicative that these “global challenges,” whose importance as threats is far¶ lower than terrorism-based US security concerns, are high up on the list of security¶ threats of Canada and, especially, Mexico. In fact, they are threats to a¶ “multidimensional” concept of hemispheric security, promoted by Mexico, and formally ¶ adopted by the OAS membership in Mexico City in October 2003. At the time, the US¶ reluctantly joined the consensus on a text where defense issues and terrorism shared the¶ spectrum of security threats with the “non traditional” issues mentioned above.¶ 23¶ Not¶ surprisingly, all of those issues are either directly or tangentially addressed by the¶ trilateral agendas of the Security and Prosperity Partnership for North America from 2005¶ and on.

#### Democracy solves extinction

Diamond, prof of pol sci, 95—prof of political science and sociology, Stanford. Senior research fellow at Hoover. (Larry, Promoting Democracy in the 1990s, http://wwwics.si.edu/subsites/ccpdc/pubs/di/1.html)

**Nuclear**, chemical, and biological **weapons** **continue to proliferate.** The very source of **life** on Earth, the global ecosystem, **appears** increasingly **endangered**. Most of these new and unconventional threats to security are associated with or aggravated by the weakness or absence of democracy, with its provisions for legality, accountability, popular sovereignty, and openness. LESSONS OF THE TWENTIETH CENTURY The experience of this century offers important lessons. **Countries that** ­**govern themselves in a truly democratic fashion do not go to war with one another**. They do not aggress against their neighbors to aggrandize themselves or glorify their leaders. Democratic governments do not ethnically "cleanse" their own populations, and they are much less likely to face ethnic insurgency. Democracies **do not sponsor terrorism** against one another. They **do not build w**eapons of **m**ass **d**estruction to use on or to threaten one another. **Democratic countries form** more reliable, open, and enduring **trading partnerships**. In the long run they offer better **and** more stable climates for investment. They **are more environmentally responsible** because they must answer to their own citizens, who organize to protest the destruction of their environments.

#### Pandemic disease causes extinction

**Yu 9—**Dartmouth Undergraduate Journal of Science (Victoria, Human Extinction: The Uncertainty of Our Fate, 22 May 2009, http://dujs.dartmouth.edu/spring-2009/human-extinction-the-uncertainty-of-our-fate, AMiles)

A pandemic will kill off all humans. In the past, humans have indeed fallen victim to viruses. Perhaps the best-known case was the bubonic plague that killed up to one third of the European population in the mid-14th century (7). While vaccines have been developed for the plague and some other infectious diseases, new viral strains are constantly emerging — a process that maintains the possibility of a pandemic-facilitated human extinction. Some surveyed students mentioned AIDS as a potential pandemic-causing virus. It is true that scientists have been unable thus far to find a sustainable cure for AIDS, mainly due to HIV’s rapid and constant evolution. Specifically, two factors account for the virus’s abnormally high mutation rate: 1. HIV’s use of reverse transcriptase, which does not have a proof-reading mechanism, and 2. the lack of an error-correction mechanism in HIV DNA polymerase (8). Luckily, though, there are certain characteristics of HIV that make it a poor candidate for a large-scale global infection: HIV can lie dormant in the human body for years without manifesting itself, and AIDS itself does not kill directly, but rather through the weakening of the immune system. However, for more easily transmitted viruses such as influenza, the evolution of new strains could prove far more consequential. The simultaneous occurrence of antigenic drift (point mutations that lead to new strains) and antigenic shift (the inter-species transfer of disease) in the influenza virus could produce a new version of influenza for which scientists may not immediately find a cure. Since influenza can spread quickly, this lag time could potentially lead to a “global influenza pandemic,” according to the Centers for Disease Control and Prevention (9). The most recent scare of this variety came in 1918 when bird flu managed to kill over 50 million people around the world in what is sometimes referred to as the Spanish flu pandemic. Perhaps even more frightening is the fact that only 25 mutations were required to convert the original viral strain — which could only infect birds — into a human-viable strain (10).

#### Environmental collapse causes extinction

CASBRC 1 (California Academy of Sciences Biodiversity Resource Center, “Threats To Biodiversity”, http://researcharchive.calacademy.org/research/library/biodiv/biodiversity\_defined.html)

Currently**,** more than 10,000 species become extinct each year and while precise calculation is difficult, it is certain that this rate has increased alarmingly in recent years. The central cause of species extinction is destruction of natural habitats by human beings. Human survival itself may depend upon reversing this accelerating threat to species diversity. Among the millions of undescribed species are important new sources of food, medicine and other products. When a species vanishes, we lose access to the survival strategies encoded in its genes through millions of years of evolution. We lose the opportunity to understand those strategies which may hold absolutely essential options for our own future survival as a species. And we lose not only this unique evolutionary experience, but emotionally, we lose the unique beauty, and the unique spirit, which mankind has associated with that life form. Many indigenous human cultures have also been driven to extinction by the same forces which have destroyed and continue to threaten non-human species. It is estimated that since 1900 more than 90 tribes of aboriginal peoples have gone extinct in the Amazon Basin. Nearly every habitat on earth is at risk: the rainforests and coral reefs of the tropics, the salt marshes and estuaries of our coastal regions, the tundra of the circumpolar north, the deserts of Asia and Australia, the temperate forests of North America and Europe, the savannahs of Africa and South America. Tropical rainforests, for example, are among the most diverse of all terrestrial ecosystems. Covering only 7% of the planet's surface, these forests comprise 50-80% of the world's species. 40 million to 50 million acres of tropical forest vanish each year -- about 1.5 acres per second -- as trees are cut for lumber or land is cleared for agriculture or other development. It is estimated that perhaps a quarter of the Earth's total biological diversity is threatened with extinction within 20 to 30 years. The Academy's Commitment The California Academy of Sciences is a leader among the world's institutions for research in evolutionary biology. Staff researchers study biodiversity worldwide, describing more than 100 new species every year. Current projects include work in La Amistad Biosphere Reserve, Costa Rica; the Impenetrable Forest, Uganda; the coral reefs of New Guinea and Madagascar; the deserts of southwestern Asia; and Socorro Island off the west coast of Mexico. Approximately 1.4 million species of plants and animals have been described by scientists. Conservative estimates suggest that at least 5 million remain to be identified -- the vast majority of them in the tropics. Fewer than 1,500 biologists worldwide are now qualified to identify tropical species. If ever there was an urgent requirement for this expertise, it is now, in this time of rapid environmental erosion.

### 1AC – Energy

#### Advantage 2: Energy

North American energy sector is at a turning point – increased investment in Mexico’s energy sector is critical to reduce power of US adversaries

Keppel 13

Stephen, “U.S., Mexico and Canada Could Become Energy Independent”, April 17, <http://abcnews.go.com/ABC_Univision/us-mexico-canada-verge-energy-independence/story?id=18942259#.UdSsLvm1FiK>, CMR

Just seven years after President George W. Bush lamented the United States' addiction to foreign oil, we are on the verge of energy independence. The United States and Canada are in the midst of a boom in oil and gas production at the same time that U.S. fuel consumption is falling. The result is turning energy markets on their heads.¶ Add to that the potential for energy reform in Mexico, which many believe would unleash a surge in exploration and production, and North America is positioned to become a global energy powerhouse.¶ U.S. oil production is at its highest level in 20 years, while its oil demand is at a 17-year low. According to a recent Citigroup report, in just five years the U.S. may no longer need to import oil from any source but Canada.¶ Driving the North American oil boom are technological innovation and increased investment. New production techniques like horizontal drilling and hydraulic fracturing, or "fracking", have allowed producers to extract oil and gas from rock formations that were previously thought to be impenetrable. Oil and gas production has jumped in states like North Dakota, Ohio and Pennsylvania, which together are producing 1.5 million barrels of oil a day. That total rivals the output of major producers like Venezuela, which is currently exporting around 1.6 million barrels per day.¶ What would North American energy independence actually mean?¶ In the most basic terms, the U.S. would no longer have to rely on importing oil from countries that are hostile to its interests. Continued increases in production would also decrease global prices which would reduce the power of the Organization of the Petroleum Exporting Countries (OPEC), which includes top producers like Saudi Arabia, Iran and Venezuela.¶ According to Ed Morse, Citigroup's Head of Commodities Research, the average price of a barrel of oil could drop to the $70-$90 range (prices are currently around $95 per barrel, down from $112 per barrel in 2012).¶ The U.S. economy would be a clear winner. The boom has already resulted in lower natural gas prices, boosting U.S. industry and helping the economy rebound from the Great Recession. The reduced cost of oil would also benefit the non-oil producers in Central America and the Caribbean.¶ Mexico, meanwhile, is in a more precarious position. If it is able to better integrate itself in the U.S.-Canadian energy market and open up its state-run oil industry, it could reap the benefits of lower prices and increased investment. There are a lot of wells on the Mexican side of the Gulf of Mexico that are just waiting to be tapped.¶ On the other hand, Mexican oil exports to the U.S. are declining thanks to the increased U.S. production, and without significant investment in production and infrastructure such as pipelines, it will fail to capitalize on the U.S.-Canada boom.

#### Increased investment in Mexico’s energy sector key to unlocking oil and gas reserves

Manley et al. 5 – Senior Counsel at McCarthy Te´trault LLP

John M, “Building a North American Community”, online, CMR

Develop a North American Resource Strategy¶ All three North American countries produce substantial amounts of¶ energy, but the region as a whole is a net importer of energy. Washington’s¶ two neighbors are its biggest suppliers of energy. The production¶ of oil and natural gas on the continent is not keeping up with the¶ growth in demand.¶ Although North American production of oil and gas has been¶ declining, both Canada and Mexico have the potential to develop¶ growing supplies both for their own direct use and for export. These¶ two countries, however, have distinct approaches to the development¶ of energy and other natural resources that must be taken into account¶ in the process of mapping the best path forward for North America.¶ Canada is committed to efficient energy markets, open investment,¶ and free trade in this sector. Canada’s vast oilsands, once a high-cost¶ experimental means of extracting oil, now provide a viable new source¶ of energy that is attracting a steady stream of multibillion dollar investments¶ and interest from countries such as China, and they have catapulted¶ Canada into second place in the world in terms of proved oil¶ reserves. Production from oilsands fields is projected to reach 2 million¶ barrels per day by 2010. The most serious constraints on additional¶ growth are the limited supply of skilled people and the shortage of¶ infrastructure, including housing, transportation links, and pipeline¶ capacity. Another constraint is regulatory approval processes that can¶ slow down both resource and infrastructure development significantly.¶ Mexico is also a major energy supplier and customer within North¶ America. In 2004, it was the second-largest exporter of oil to the United¶ States; in previous years, it was consistently among the top four suppliers.¶ Mexico relies for a significant share of its revenues on the state oil¶ producer (Pemex). It has major oil and gas reserves, but these are¶ relatively untapped. Development has been hampered by constitutional¶ restrictions on ownership, which are driven by an understandable desire¶ to see this strategic asset used for the benefit ofMexicans. This restriction¶ on investment, coupled with the inefficient management of the state¶ monopoly, Pemex, has contributed to low productivity. As a result,¶ Mexico has expensive and unreliable supplies of energy for its consumers¶ and industries. Mexico has begun to bring in some foreign capital¶ through multiple service contracts, but the most serious constraints on¶ its future growth as an energy supplier are the restrictions that impede¶ development of its own energy resources and the low productivity of¶ Pemex. Reforms in this area are needed urgently.¶ Although energy security represents perhaps the most critical challenge,¶ it is important to recognize that trade in other natural resources,¶ including metals, minerals, wood, and other products, is also central¶ to the growth and economic security of North America. In these other¶ resource sectors, NAFTA has not succeeded in ensuring a free flow of¶ goods. Resource and agricultural products such as softwood lumber,¶ fish, beef, wheat, and sugar have been the flashpoints for highly visible¶ trade disputes. The softwood lumber case has led some Canadians to¶ question whether the United States will comply with NAFTA if decisions¶ by the dispute-settlement mechanism run counter to private¶ American interests.TheUnited States andMexico have failed tocomply¶ with free trade provisions on movement of trucks for more than a¶ decade, and the failure to resolve the softwood lumber case between¶ Canada and the United States has plagued their trade relations for¶ the past quarter century. Changing some trade rules and the disputesettlement¶ process may reduce this friction, as would a determined effort¶ to reduce unnecessary regulatory differences within North America.¶ NorthAmerica is blessed with an abundant resource base. Exploiting¶ these resources on a long-term, sustainable basis requires that the three¶ governments work together to resolve issues and ensure responsible¶ use of scarce resources and the free flow of both resources and capital¶ across all three borders. As noted, the most troubled areas of crossborder¶ trade over the past twenty years have been in resource trade,¶ largely because of the impact of regulatory differences, including different¶ approaches to resource pricing and income protection. Efforts to¶ eliminate these problems on the basis of dispute-settlementmechanisms¶ have not worked as well as anticipated.¶ WHAT WE SHOULD DO NOW¶ • Develop a NorthAmerican energy strategy. Recognizing their¶ individual policies and priorities, the three governments need to¶ work together to ensure energy security for people in all three¶ countries. Issues to be addressed include the expansion and protection¶ of theNorthAmerican energy infrastructure; development opportunities¶ and regulatory barriers; and the technological andhuman capital¶ constraints on accelerated development of energy resources within¶ North America. These objectives form part of the agenda of the¶ North American Energy Working Group established in 2001 by¶ the leaders of the three countries and emphasized in their 2005¶ summit meeting. This initiative, however, has so far made only¶ modest progress toward developing a North American strategy, and¶ it does not cover oil.¶ • Fully develop Mexican energy resources. Although the inclination¶ of Mexico to retain full ownership of its strategic resources is¶ understandable, expanded and more efficient development of these¶ resources is needed to accelerate Mexico’s economic growth. Mexico¶ is quickly losing ground in its energy independence, and the only¶ way to satisfy growing demands within Mexico is to find ways to¶ unlock its energy sector. Progress can be made even under the¶ existing constitutional constraints. As discussed above, Canada and¶ the United States could make important contributions in this effort¶ through the development of creative mechanisms, especially financial,¶ that bring needed technology and capital to Mexico. The most¶ important steps, however, must be taken in Mexico by Mexicans.

#### Independently, the plan encourages internal reform in Mexico’s energy sector

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

(5) A Community and Conditionality. Of the $20 billion each year for the North ¶ American Investment Fund, Canada and the United States should pay half, with the ¶ U.S.—with about nine times the economy of Canada—accounting for 90 percent of that. ¶ Mexico should contribute the other $10 billion. The United States and Canada are ¶ unlikely to contribute funds unless both countries felt that it would be used wisely and ¶ that Mexico would undertake serious long-term reforms. Mexico understands that it ¶ needs to undertake fundamental reforms in sensitive sectors such as energy, taxes, ¶ pensions, electricity, and the judicial system but the political system has been stalemated. ¶ If its partners were to define, together, a community of three nations in which each would ¶ contribute to that future, then that might alter the political balance in a way that would ¶ make both the reforms and the Fund possible. Absent those changes, the U.S. and ¶ Canada might very well conclude that their funds would not be put to good use and ¶ would not want to contribute. Spain and Ireland understood the need for reforms but they ¶ could only implement them with the support of the EU.

#### This framework will shield the US from vulnerability of foreign sources

Gjelten 12 (Tom, “Energy Independence For U.S.? Try Energy Security”, 10/25, <http://www.npr.org/2012/10/25/163573768/energy-independence-for-u-s-try-energy-security>, CMR)

Gone from this year's presidential campaign are most mentions of climate change, environmental pollution, or green jobs. Former Gov. Mitt Romney, the GOP presidential nominee, prefers to call attention instead to the country's continuing dependence on foreign energy sources.¶ "I will set a national goal of North American energy independence by the year 2020," Romney declared in August.¶ The line is now a standard part of Romney's stump speech, and he repeated it in his first two debates with President Obama.¶ With that promise, Romney joins a long line of U.S. leaders who have preached the virtues of energy independence. Few, however, have explained precisely what this goal means.¶ A Global Market¶ In truth, it would be virtually impossible for any country to be totally independent where energy is concerned. Not only would it have to produce all its own oil; it would also have to be independent of the global economy.¶ Energy¶ Could U.S. Produce Enough Oil To Rival Saudi Arabia?¶ Like sugar, wheat, gold and other commodities, oil is also bought and sold on a global market. All the oil produced in the world becomes part of the global oil supply; all the oil used comes out of that supply. The global oil price depends on the supply/demand relation, and the price is essentially the same for all countries.¶ Energy analyst Amy Jaffe likens players in the global oil market to swimmers in a swimming pool.¶ "If you're in the deep end or the shallow end and somebody takes water out of the pool, it affects both swimmers equally," Jaffe says. "[It's the] same thing if we start pouring water in. You're not pouring the water into just the deep end or just the shallow end."¶ With oil, all countries are affected when the total supply is down relative to demand; the price goes up. When the supply is boosted and there is plenty of oil for everyone, the global price goes down.¶ With respect to price, therefore, there is no such thing as energy independence. Even if the U.S. were producing as much oil as it was consuming, a halt in production by Iran or Saudi Arabia would still drive up the oil price in the U.S.¶ Energy Security¶ But there is another way to think about energy independence. If a country produces as much oil as it uses, it is less vulnerable to some foreign country shutting the tap. Jaffe, executive director of energy and sustainability at the University of California, Davis, says this is the big reason governments want to reduce their dependence on foreign oil producers.¶ "If someone is going to cut off your supply, because they don't like your foreign policy or they want to keep you from attacking a country, this is a dangerous thing," Jaffe says.¶ But is "energy independence" the proper term to describe the national goal?¶ "I prefer the term 'energy security,' " says Roger Altman, who served as deputy Treasury secretary under President Clinton.¶ "What that means," Altman says, "is, 'Let's get to the point where the amount we import from rogue or potentially rogue nations who might be hostile to us is down to a point where, if suddenly that supply was interrupted or shut off, we go right on.' "¶ The U.S. learned the importance of "energy security" in 1973, when Arab countries imposed an oil boycott on the United States to protest its military support for Israel in its war against Egypt and Syria. Americans were soon waiting in long lines at gas stations.¶ In response to the Arab oil boycott, President Nixon set a new national goal in his 1974 State of the Union speech.¶ "At the end of this decade, in the year 1980," Nixon proposed, "the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes and to keep our transportation moving."¶ A Glimmer Of Hope¶ The fact that we are still talking about this goal nearly 40 years later shows how hard it is to achieve. But there is reason now to believe that energy security may finally be within reach. Energy production in the U.S. is booming, thanks in large part to new techniques for extracting oil and gas from hard-to-reach deposits.¶ According to the latest estimates from the U.S. government's Energy Information Administration, U.S. production of oil and other liquid petroleum products could soon overtake production from Saudi Arabia, the world's No. 1 oil producer. Oil imports, meanwhile, are declining.¶ U.S. energy demand remains high, however, and it is likely to be years before the United States has an energy supply entirely its own.¶ Even in that case, however, the U.S. could significantly boost its energy security, because new production throughout the Western Hemisphere would leave the country less vulnerable to a shutoff from the Middle East or elsewhere.¶ "It doesn't mean we would never import another barrel of oil outside the Western Hemisphere," says Altman, who is now the chairman of Evercore Partners, an investment banking firm. "What it means is that most of our oil imports would come from Canada, Mexico, Brazil and so forth, and whatever happened in the Middle East would have no severe downside for our economic stability."¶ This is progress. It's hard to imagine how a conflict with Brazil or Mexico, much less with Canada, could jeopardize the U.S. energy supply.

#### Dependence causes multiple war scenarios

Glaser 11 (Professor of Political Science and International Relations Elliot School of International Affairs The George Washington University, “Reframing Energy Security: How Oil Dependence Influences U.S. National Security,” August 2011, http://depts.washington.edu/polsadvc/Blog%20Links/Glaser\_-\_EnergySecurity-AUGUST-2011.docx)

**Oil dependence** could reduce a state’s security if its access to oil is vulnerable to disruption and if oil is necessary for operating the state’s military forces. Vulnerable energy supplies can leave a state open to coercion**—recognizing that it is more likely to lose a war, the state has a** weaker bargaining position **and is** more likely to make concessions.[[1]](#footnote-1) Closely related, **if war occurs the state is** more likely to lose. Conflict that is influenced by this mechanism is not fundamentally over the oil;[[2]](#footnote-2) rather, when states already have incentives for conflict, the oil vulnerability influences their assessment of military capabilities and in turn the path to war. Recognizing this type of danger during the Cold War, U.S. planning to protect its sea lanes of communication with the Persian Gulf was motivated partly by the importance of insuring the steady flow of oil that was necessary to enable the United States to fight a long war against the Soviet Union in Europe. During the Second World War, Japan’s vulnerability to a U.S. oil embargo played an important role in destroying Japan’s ability to fight.[[3]](#footnote-3) This type of threat to the U.S. military capabilities is not a serious danger today because the United States does not face a major power capable of severely interrupting its access to key supplies of oil. In contrast, China does face this type of danger because its oil imports are vulnerable to disruption by the U.S. Navy. Protecting access to oil threatens other states—an access-driven security dilemma **The vulnerability of** a state’s **access to oil** supplies **could reduce** its **security via** a second, more complicated mechanism—if the state’s efforts to protect its access to oil threaten another state’s security, then this reduced security could in turn reduce the state’s own security. The danger would follow standard **security-dilemma logic,** but with the defense of oil supply lines replacing the standard focus on protection of territory. In the most extreme case, **a state could try to solve its import vulnerability through** territorial expansion. In less extreme cases, **the state could deal with its vulnerability by building up military forces required to protect its access to oil, which has the unintended consequence of** decreasing its adversary’s military capability and signaling that the state’s motives are malign, **which** decreases the adversary’s security, which **leads the adversary to** build up its own military forces.[[4]](#footnote-4) Just as protecting a distant ally can require a state to adopt an offensive capability, protecting access to oil can require offensive power-projection capabilities. Thus, a state’s need to protect its access to oil could create a security dilemma that would not otherwise exist. Conflict fueled by **this security dilemma** need not be over oil or access to oil; by damaging political relations the security dilemma **could prevent** the **states from** resolving political disputes **and** avoiding the escalation of crises. Here again, the United States does not currently face this type of danger; this is largely because the military status quo currently favors the United States, which relieves it from having to take provocative actions. In contrast, China’s efforts to protect its access to oil could be more provocative and generate military competition with the United States. Oil makes territory increasingly valuable In this type of case, **a state places greater value on owning territory because the territory contains energy resources** that are increasingly valuable. **The greater value** of territory **can** increase competition between states, **because the benefits of success grow relative** to the costs of competition, for example, the costs of arming. For similar reasons, the greater value of territory increases the probability that crises over territory will lead to war instead of negotiated compromises, as states are more willing to run the risks of fighting.[[5]](#footnote-5) This type of conflict is the classic resource war, which is the path by which oil is most commonly envisioned leading to conflict.[[6]](#footnote-6) We can also hypothesize that the probability of conflict is greater when territorial boundaries are contested and the political status quo is ambiguous. Because the norm of state sovereignty is now widely held, states are less likely to launch expansionist wars to take other states’ territory. However, when boundaries are not settled, states are more likely to compete to acquire territory they value and will compete harder when they value it more.[[7]](#footnote-7) In addition, unsettled boundaries increase the possibilities for boundedly rational bargaining failures that could lead to war. There are two basic paths via which a state could become involved in this type of oil conflict. The more obvious is for the state to be a claimant in the dispute and become directly involved in a territorial conflict. The second is likely more important for the United States—an alliance commitment could draw the state into a resource conflict that initially began between its ally and another state.[[8]](#footnote-8) The state would not have energy interests of its own at stake, but intervenes to protect its ally. Along this path, energy plays an important but less direct role in damaging the state’s security, because although energy interests fuel the initial conflict, they do not motivate the state’s intervention.[[9]](#footnote-9) A later section explores the possibility of conflict between China and Japan in the East China Sea, with the United States drawn in to protect Japan and consequently involved in a war with China. **When a state’s economy depends heavily on oil, severe supply disruptions might do sufficiently large economic damage that** the state would use military force to protect its prosperity. **A state** this suffers this vulnerability risks not only suffering the damage that could be inflicted by a supply disruption, which might be the by-product of unrelated domestic or international events, but also risks being coerced by an adversary. Consequently, states will want to be confident that their ability to import oil will be uninterrupted and will pursue policies to ensure secure access.

#### Specifically, oil dependence makes conflict over the Strait of Hormuz inevitable – that *escalates* and *goes nuclear*

Glaser 11 (Professor of Political Science and International Relations Elliot School of International Affairs The George Washington University, “Reframing Energy Security: How Oil Dependence Influences U.S. National Security,” August 2011, http://depts.washington.edu/polsadvc/Blog%20Links/Glaser\_-\_EnergySecurity-AUGUST-2011.docx)

Energy dependence could draw the United States into a conflict in which a regional power was interrupting, or threatening to interrupt, the flow of oil. The economic costs of a disruption would determine whether the costs of fighting were justified. Similarly, the potential economic costs of a disruption would determine whether U.S. foreign and military policy should be devoted to deterring states from interrupting the flow of oil; more precisely, these economic costs would determine how much the United States should invest in the policies required for deterrence.[[10]](#footnote-10) Given the geographical distribution of oil, such a conflict would likely occur in the Persian Gulf. The greatest danger is probably posed by Iran—the Iraq War has greatly increased Iran’s power relative to Iraq, and Iran is acquiring improved missile capabilities and making progress toward having the capability to build nuclear weapons. The most disruptive Iranian action would be closure of the Strait of Hormuz, through which the vast majority of Persian Gulf oil must pass. Having identified the danger posed by dependence on oil that transits this strait (as well as the Strait of Malacca), a recent Council on Foreign Relations study concluded that the “United States should take the lead in building an infrastructure protection program that would be based on practical steps by relevant countries and address critical infrastructures and transit routes. Initial efforts should focus on joint planning, technical assistance, and military exercises, especially involving naval units operating near ports or along critical sea-lanes.”[[11]](#footnote-11) Although difficult to estimate the probability that Iran would attempt to close the strait, analysts have offered reasons for expecting the probability to be quite low: Iran would lose the oil revenue from its own exports; and Iran would likely be deterred by the probable costs of U.S. intervention, which could include the destruction of key military bases and occupation of some of its territory. Because so much oil flows through the strait, the United States would almost certainly respond to keep it open. Nevertheless, there are plausible scenarios in which Iran blocks the strait, for example, as retaliation for an attack against is nuclear weapons program or as a coercive measure if losing a conventional war.[[12]](#footnote-12) Careful analysis suggests that the United States would prevail, but that a successful campaign could take many weeks or more, and that oil prices would increase significantly during this period.[[13]](#footnote-13) Iranian acquisition of nuclear weapons would increase the risk of this scenario in two basic ways. First, Iran might believe that the possibility of escalation to nuclear weapons would deter the United States from responding, making Iran more willing to interrupt tanker traffic. Although basic deterrence logic says this calculation points in the correct direction, the United States might nevertheless intervene. The United States would question Iran’s willingness to escalate to nuclear use because America’s far larger and more capable nuclear forces would pose a formidable retaliatory threat. In addition, the United States would have incentives to make clear that possession of a small number of nuclear weapons by a much weaker state would not deter the United States from using conventional weapons in a limited war. Being deterred by the Iranian nuclear force would suggest that small nuclear arsenals provide tremendous potential for launching conventional aggression. As Barry Posen argued in a related context (the counterfactual case in which Iraq possessed nuclear weapons before deciding to invade Kuwait), “If the Iraqi conquest of Kuwait is permitted to stand, nuclear weapons will come to be viewed as a shield that protects conventional conquests from any challenger, including a great power heavily armed with its own nuclear weapons.”[[14]](#footnote-14) Consequently, the United States would have incentives to respond to Iranian aggression both to preserve its ability to deter conventional aggression by small nuclear states and to support its nonproliferation policy. Second, once a conventional conflict occurred, there would be the danger that U.S. conventional operations could increase the probability [of] nuclear war. A number of paths are possible. The U.S. mine clearing operation required to open the strait would likely be accompanied by attacks against land-based Iranian targets. The United States would want to destroy the land-based anti-ship cruise missiles that Iran could use to threaten U.S. mine clearing ships; in addition, the United States would want to destroy Iranian air defenses that could be used to protect these missiles. These U.S. strikes would require large numbers of carrier-based aircraft flying sorties over a period of a few weeks or more.[[15]](#footnote-15) If Iran lacked confidence that U.S. aims were limited, it could feel compelled to put its nuclear forces on alert to increase their survivability, which would increase the probability of accidental or unauthorized nuclear attack. The United States could then have incentives to attack Iran’s nuclear force, either preemptively because it believed Iran was preparing to launch an attack or preventively because it faced a closing window of opportunity after which Iran’s nuclear forces would be survivable.[[16]](#footnote-16) A more subtle danger is the possibility of inadvertent nuclear escalation resulting from a situation in which Iranian leaders decide to escalate because they believe, incorrectly, that the United States has decided to destroy their nuclear force (or ability to launch it).[[17]](#footnote-17) U.S. conventional operations could create this danger by destroying Iranian radars, and command and control systems, leaving Iranian leaders unable to assess the U.S. conventional campaign and fearing that the United States was preparing to launch a full-scale invasion or a conventional attack against their nuclear forces.

### 1AC – Illegal Immigration

#### Advantage 3: Illegal Immigration

#### Despite recent policy changes, illegal immigration is increasing – arrest rates prove

Dinan ’13 (Stephen, “Arrest numbers signal 9 percent jump in illegal immigration in 2012”, 1/29, <http://www.washingtontimes.com/news/2013/jan/29/arrests-signal-9-percent-jump-illegal-immigration/?page=all>, CMR)

Even as President Obama travels to Las Vegas Tuesday to call for legalizing illegal immigrants, the latest numbers from the U.S. Border Patrol suggest that the flow across the nation’s southwest border jumped by 9 percent last year.¶ The Border Patrol made 356,873 arrests along the U.S.-Mexico border in fiscal year 2012, up from 327,577 in 2011, according to figures obtained by the Associated Press and confirmed by The Washington Times. Border Patrol officials estimate that apprehensions are a good proxy for illegal crossings, so when the numbers go up, it means that the flow of illegal immigrants is going up as well.¶ Last year’s increase marks a reversal. Apprehensions peaked in 2005 at 1.2 million and had been steadily dropping every year since as first President George W. Bush and then Mr. Obama committed more manpower and resources to the border.¶ In his first term Mr. Obama said he had fortified the border so much that it could now be deemed secure, and Congress could turn its attention to passing an overhaul of the broader immigration system.¶ On the way to Las Vegas, White House press secretary Jay Carney told reporters Tuesday that the apprehension numbers are a good sign.¶ “We’ve seen in Fiscal Year 2012 apprehensions totaled nearly 365,000 nationwide; that’s a 50 percent decrease from 2008,” he said.¶ The Homeland Security Department didn’t respond Tuesday morning to a request for comment on the new numbers, but Jessica Vaughan, director of policy studies for the Center for Immigration Studies, said the data represents a problem for Mr. Obama as he pushes for legalization.¶ “The Obama administration has asked the public and policy makers to accept its theory that declining numbers have meant that we are actually getting control of the border and that it is ‘more secure than ever before.’ If they’re going to stick with that logic, this would meant that things are going in the other direction,” she said.¶ She said the new numbers should push lawmakers to put the brakes on immigration and wait to see what’s behind the increase: whether it’s Latin American economies pushing more people to flee, or the U.S. economy improving enough to draw in new immigrant workers, or failures in American border security efforts.¶ Mr. Obama is expected to use his Las Vegas speech to embrace much of the bipartisan framework announced Monday by eight senators that would grant immediate legal status to all illegal immigrants, but withhold green cards until the border is secured. Green cards, signifying legal permanent residency, are the key interim step before getting citizenship.¶ Politico reported Tuesday that Mr. Obama will agree with most of the framework, but will balk at waiting for border security to be guaranteed before issuing green cards.¶ Border security has been among the thorniest issues of the immigration debate.¶ In 2007, the Senate’s last effort to pass a legalization bill failed after voters flooded the Capitol switchboard with calls insisting that Congress first work to secure the borders.¶ President Bush and Congress boosted manpower and technology on the border, and the number of apprehensions — and, presumably, illegal crossings — dropped dramatically.¶ In fiscal year 2005 the Border Patrol made 1,1717,396 arrests along the southwest border; it made 1,071,972 arrests in 2006; 858,638 arrests in 2007; 705,005 arrests in 2008; 540,865 in 2009; 447,731 in 2010; and 327,577 in 2011.¶ A Government Accountability Office report earlier this month detailed some of the Border Patrol’s internal calculations about how many illegal crossers it misses, and the report said about 40 percent of would-be illegal immigrants get away. That rate has held consistent over time.¶ But Glenn Spencer, head of American Border Patrol, a private citizens group that tracks border crossings, said according to their own estimates, the Border Patrol only catches about 30 percent of illegal crossers.¶ If true, that would mean more than 800,000 illegal immigrants crossed without being apprehended last year.

#### Tide of illegal immigration makes terrorism inevitable

Ting 6 [OTMS refers to non-Mexican immigrants; Jan, professor of law at Temple University's Beasley School of Law and an FPRI senior fellow, Immigration and National Security, Orbis 50.1 p 41-52, CMR]

This summer’s terror bombings in London have brought new attention to the Islamist threat. They also highlight the striking difference between U.S. and European views over the Islamist threat. In Europe, the greatest concern is the threat from its own resident immigrant population, particularly the young second and third generations, born in Europe. In the U.S., the greatest concern is not its own population, but the threat of those sent from abroad to attack America.¶ With acts of violence from Muslim citizens in Europe increasing in number and scale, many Europeans feel that the Islamist threat needs to be addressed at home, not in Iraq. But four years after 9/11, America’s national borders remain open and uncontrolled, even as the government spends billions of dollars and thousands of lives in Iraq and Afghanistan fighting terrorism, and even as it worries about protecting the nation’s ports, power supply, mass transit, and every other possible target against terrorist threats.¶ Illegal Immigration¶ Every night, thousands of foreigners covertly enter the U.S. The official estimate is that the U.S. Border Patrol intercepts only 1 out of every 4 illegal border crossers. But current and former Border Patrol officers say that the ratio of those intercepted is much lower-probably more like 1:8 or 1:10. And because of the illegals’ remittances of U.S. dollars back to their home country, Mexico in particular has been supportive of its citizens who choose to enter the U.S. illegally.¶ Data on Border Patrol apprehensions for fiscal years 2000-05 show that apprehensions were highest in 2000, over 1.5 million, and then declined over the next three years, following 9/11. They rose again in 2004 and 2005, after President Bush announced his proposal for guest-worker amnesty in January 2004. Apprehensions along the southern border make up about 98 percent of total apprehensions. Most of those apprehended near the U.S.’s southern border are Mexicans, but there are also numerous “other than Mexicans,” or OTMs.¶ Research by Wayne Cornelius of the Center for Comparative Immigration Studies at the University of California, San Diego suggests that 92 percent of Mexicans seeking to enter the U.S. illegally eventually succeed. Meanwhile, the number of OTMs apprehended near the southern border has been clearly and dramatically increasing since 2000, from 28,598 that year to 65,814 in 2004 and 100,142 OTM in the first eight months of fiscal 2005 alone.¶ What happens following apprehension is very different for OTMs than for Mexicans, who can be immediately returned to Mexico in what is described as voluntary departure. (In the case of adult Mexicans, U.S. authorities simply take them back to the border.) In contrast, the Mexican government does not allow the U.S. to send OTMs back into Mexico. That may be understandable, but since these OTMs clearly entered the U.S. through Mexico, Washington might usefully and legitimately put some diplomatic pressure on Mexico City either to take the OTMs back or to prevent their entry into the U.S. in the first place.¶ An OTM has to be scheduled for a hearing with an immigration judge, who can issue a removal order. A scheduled immigration hearing may be weeks later, and even if a removal order is issued, the alien has the right to appeal to the Board of Immigration Appeals and then the federal courts. The government therefore has a dilemma. It can either detain the alien until the hearing (and, if a removal order is issued, until all appeal rights are exhausted), or it can release the alien on his “own recognizance,” and hope that the alien will voluntarily appear for the scheduled hearing and, if ordered removed and after exhausting all appeals, voluntarily appear for deportation.¶ Because the government has only authorized and funded a small number of detention spaces (a total of 19,444 in 2004, with another 1,950 added in May 2005), increasing numbers of OTMs are released on their own recognizance. Fewer than 6,000 OTMs were released on their own recognizance in each of 2001 and 2002, but the number increased to 7,972 in 2003 and jumped to 34,161 in 2004; 70,624 were released in just the first 8 months of fiscal 2005.¶ The failure-to-appear rate at one Texas immigration court is 98 percent. A removal order is typically issued in absentia for those who fail to appear. When the statutory appeal rights all expire, the names are added to the list of alien “absconders” who have actually been caught by the government, ordered removed by an immigration judge, exhausted all their appeal rights, but are still in the country anyway. The list of such absconders is now 465,000 and growing, out of a total illegal alien population of 8 to 12 million, per a December 2003 estimate by Tom Ridge, then Secretary of Homeland Security. Lou Dobbs of CNN, among others, uses 20 million as a more realistic number.¶ The release rate for apprehended OTMs is now so high, Border Patrol agents report that instead of hiding from the authorities, illegally entering OTMs actually seek them out in order to obtain the document charging them with illegal entry. They call this “Notice to Appear,” which informs them of the date and place of their scheduled hearing before an immigration judge, a permiso; some agents call it a “Notice to Disappear,” since that is what it permits them to do. If they are challenged while moving deeper into the U.S. from the border, they can produce the document to show that they have already scheduled an appointment before immigration judges.¶ The overwhelming majority of the millions of illegals, and even of the absconders, are not terrorists. But the sea of incoming illegal aliens provides a cover and a culture in which terrorists can hide, and a reliable means of entry. And as we know from the case of the 2004 Madrid train bombings, many Islamist terrorists are fluent in Spanish. Border Patrol apprehension figures show that among the OTMs apprehended in 2004 and 2005 were hundreds of persons from 35 “special interest” countries, almost all of which are Muslim. These countries include Afghanistan, Egypt, Iran, Iraq, Lebanon, Saudi Arabia, Somalia, Sudan, Syria, and Yemen; the number-one country in the group is Pakistan. Again, these are just the apprehensions: for every alien apprehended entering the U.S. illegally, an estimated 3 to 9 others succeed.

#### Terrorism is likely – failure to secure borders means terrorists will smuggle nuclear weapons into the US

Joyner 9 [Christopher C: Professor of Government and Foreign Service at Georgetown, June 22nd, “Article: Nuclear terrorism in a globalizing world: assessing the threat and the emerging management regime,” <http://www.highbeam.com/doc/1G1-216486733.html>, CMR]

A. The Cause for Concern¶ During the last decade, the determination of al-Qaeda to acquire nuclear weapons, the information and communication powers afforded to them by globalization, and the existence of fissile nuclear materials in unstable regions have all contributed to the transformation of the threat of nuclear terrorism from a hypothetical scenario into a policy issue of grave concern. (27) In its examination of the terrorist threats facing the United States after the events of September 11, 2001, the 9/11 Commission averred that, "[p]reventing terrorists from gaining access to weapons of mass destruction must be elevated above all other problems of national security ... [the President] should develop a comprehensive plan to dramatically accelerate the timetable for securing all nuclear weapons material around the world." (28) This report was based on the discovery of documents by the United States describing the extent of al-Qaeda's nuclear ambitions. In 1998, Osama bin Laden declared that the acquisition of nuclear weapons was a "religious duty." (29) Since this time, reports indicate that al-Qaeda has made numerous attempts to purchase nuclear weapons on the black market, but these efforts have been thwarted by supposed sellers scamming al-Qaeda. (30) Indeed, the CIA's Bin Laden Unit has documented what it describes as a "professional" attempt to acquire nuclear weapons by al-Qaeda, which prompted the conclusion that "there could be no doubt after this date [late 1996] that al-Qaeda was in deadly earnest in seeking nuclear weapons. (31) This particular attempt even involved meetings with Pakistani nuclear scientists, as well as calls for other scientists with nuclear expertise to join the fight against the United States. In spite of the disruption of al-Qaeda's network since the War on Terror began in 2001, U.S. officials continue to warn that its members retain the ability to launch terrorist nuclear attacks coordinated from its new bases in Pakistan. (32) As such, the desire of al-Qaeda to conduct massive nuclear attacks against the United States is one of the principal factors that has made nuclear terrorism a real threat in the 21st century.¶ The danger that al-Qaeda's nuclear ambitions pose to the United States is compounded by the manner in which the processes of globalization have impacted the world. These impacts have not only empowered other purveyors of jihadist violence, but they also have simplified the means by which such terrorists can smuggle and deliver nuclear weapons to their intended targets. Notwithstanding the debate over the pros and cons of globalization, it is widely accepted that, "[t]he technological revolution presupposes global computerized networks and the free movement of goods, information, and peoples across national boundaries." (33) In the same ways that these occurrences facilitate more efficient functioning of daily life in many states, globalization concomitantly creates more and speedier networks through which international terrorist organizations can perpetrate violent attacks. (34)¶ Technological innovations such as the internet and telecommunication networks that have accompanied globalization allow terrorists to communicate with one another across the globe, and thus contribute to the ease with which they can orchestrate and execute complex missions. (35) With respect to nuclear terrorism, terrorists can now discover the location of fissile materials and plan attacks on nuclear facilities with much greater ease. Meanwhile, they are also able to utilize tools like the internet to disseminate and access information concerning the construction of nuclear devices. (36) As such, globalization has allowed terrorist groups like AI-Qaeda to transform themselves into powerful non-state actors with specialized technological knowledge that can subvert the goals of powerful states. (37)¶ Moreover, globalization enables terrorist groups to transport nuclear weapons more stealthily from their places of origin to intended targets. As a result of globalization and commercial liberalization, massive amounts of international trade and commerce occur everyday. Given the sheer volume of goods entering all states, the chance of detecting illicit commodities is lower. (38) In the case of the United States, as of late 2008 there were 317 entry points into the country, which makes the volume of goods entering the United States that much more difficult to detect and thoroughly examine. (39) This is significant because, with respect to nuclear materials, only small amounts of easily concealable fissile material are needed to create dangerous devices. Accordingly, physical detection is made more difficult and smuggling nuclear material in large containers becomes more practicable. (40) Electronic detection instruments, while in development and being tested in limited cases, have not yet been fully deployed. (41) Meanwhile, large amounts of illegal drugs and immigrants enter even the most highly industrialized countries like the United States every year, testifying to the ease with which groups could simply smuggle nuclear materials across porous state borders. (42)These developments render the threat of nuclear terrorism a far more serious policy issue than previously acknowledged, as they afford terrorist organizations greater power and easier means to accomplish their nuclear ambitions to destroy western societies. (43) Meanwhile, globalization means that "new threats cannot be contained and controlled within one State" and will consequently require international solutions. (44)

#### That causes great power nuclear war

Ayson 10, Professor of Strategic Studies and Director of the Centre for Strategic Studies: New Zealand at the Victoria University of Wellington, 2010 (Robert, “After a Terrorist Nuclear Attack: Envisaging Catalytic Effects,” Studies in Conflict & Terrorism, Volume 33, Issue 7, July, Available Online to Subscribing Institutions via InformaWorld)

A terrorist nuclear attack, and even the use of nuclear weapons in response by the country attacked in the first place, would not necessarily represent the worst of the nuclear worlds imaginable. Indeed, there are reasons to wonder whether nuclear terrorism should ever be regarded as belonging in the category of truly existential threats. A contrast can be drawn here with the global catastrophe that would come from a massive nuclear exchange between two or more of the sovereign states that possess these weapons in significant numbers. Even the worst terrorism that the twenty-first century might bring would fade into insignificance alongside considerations of what a general nuclear war would have wrought in the Cold War period. And it must be admitted that as long as the major nuclear weapons states have hundreds and even thousands of nuclear weapons at their disposal, there is always the possibility of a truly awful nuclear exchange taking place precipitated entirely by state possessors themselves. But these two nuclear worlds—a non-state actor nuclear attack and a catastrophic interstate nuclear exchange—are not necessarily separable. It is just possible that some sort of terrorist attack, and especially an act of nuclear terrorism, could precipitate a chain of events leading to a massive exchange of nuclear weapons between two or more of the states that possess them. In this context, today’s and tomorrow’s terrorist groups might assume the place allotted during the early Cold War years to new state possessors of small nuclear arsenals who were seen as raising the risks of a catalytic nuclear war between the superpowers started by third parties. These risks were considered in the late 1950s and early 1960s as concerns grew about nuclear proliferation, the so-called n+1 problem. It may require a considerable amount of imagination to depict an especially plausible situation where an act of nuclear terrorism could lead to such a massive inter-state nuclear war. For example, in the event of a terrorist nuclear attack on the United States, it might well be wondered just how Russia and/or China could plausibly be brought into the picture, not least because they seem unlikely to be fingered as the most obvious state sponsors or encouragers of terrorist groups. They would seem far too responsible to be involved in supporting that sort of terrorist behavior that could just as easily threaten them as well. Some possibilities, however remote, do suggest themselves. For example, how might the United States react if it was thought or discovered that the fissile material used in the act of nuclear terrorism had come from Russian stocks,40 and if for some reason Moscow denied any responsibility for nuclear laxity? The correct attribution of that nuclear material to a particular country might not be a case of science fiction given the observation by Michael May et al. that while the debris resulting from a nuclear explosion would be “spread over a wide area in tiny fragments, its radioactivity makes it detectable, identifiable and collectable, and a wealth of information can be obtained from its analysis: the efficiency of the explosion, the materials used and, most important … some indication of where the nuclear material came from.”41 Alternatively, if the act of nuclear terrorism came as a complete surprise, and American officials refused to believe that a terrorist group was fully responsible (or responsible at all) suspicion would shift immediately to state possessors. Ruling out Western ally countries like the United Kingdom and France, and probably Israel and India as well, authorities in Washington would be left with a very short list consisting of North Korea, perhaps Iran if its program continues, and possibly Pakistan. But at what stage would Russia and China be definitely ruled out in this high stakes game of nuclear Cluedo? In particular, if the act of nuclear terrorism occurred against a backdrop of existing tension in Washington’s relations with Russia and/or China, and at a time when threats had already been traded between these major powers, would officials and political leaders not be tempted to assume the worst? Of course, the chances of this occurring would only seem to increase if the United States was already involved in some sort of limited armed conflict with Russia and/or China, or if they were confronting each other from a distance in a proxy war, as unlikely as these developments may seem at the present time. The reverse might well apply too: should a nuclear terrorist attack occur in Russia or China during a period of heightened tension or even limited conflict with the United States, could Moscow and Beijing resist the pressures that might rise domestically to consider the United States as a possible perpetrator or encourager of the attack? Washington’s early response to a terrorist nuclear attack on its own soil might also raise the possibility of an unwanted (and nuclear aided) confrontation with Russia and/or China. For example, in the noise and confusion during the immediate aftermath of the terrorist nuclear attack, the U.S. president might be expected to place the country’s armed forces, including its nuclear arsenal, on a higher stage of alert. In such a tense environment, when careful planning runs up against the friction of reality, it is just possible that Moscow and/or China might mistakenly read this as a sign of U.S. intentions to use force (and possibly nuclear force) against them. In that situation, the temptations to preempt such actions might grow, although it must be admitted that any preemption would probably still meet with a devastating response. As part of its initial response to the act of nuclear terrorism (as discussed earlier) Washington might decide to order a significant conventional (or nuclear) retaliatory or disarming attack against the leadership of the terrorist group and/or states seen to support that group. Depending on the identity and especially the location of these targets, Russia and/or China might interpret such action as being far too close for their comfort, and potentially as an infringement on their spheres of influence and even on their sovereignty. One far-fetched but perhaps not impossible scenario might stem from a judgment in Washington that some of the main aiders and abetters of the terrorist action resided somewhere such as Chechnya, perhaps in connection with what Allison claims is the “Chechen insurgents’ … long-standing interest in all things nuclear.”42 American pressure on that part of the world would almost certainly raise alarms in Moscow that might require a degree of advanced consultation from Washington that the latter found itself unable or unwilling to provide. There is also the question of how other nuclear-armed states respond to the act of nuclear terrorism on another member of that special club. It could reasonably be expected that following a nuclear terrorist attack on the United States, both Russia and China would extend immediate sympathy and support to Washington and would work alongside the United States in the Security Council. But there is just a chance, albeit a slim one, where the support of Russia and/or China is less automatic in some cases than in others. For example, what would happen if the United States wished to discuss its right to retaliate against groups based in their territory? If, for some reason, Washington found the responses of Russia and China deeply underwhelming, (neither “for us or against us”) might it also suspect that they secretly were in cahoots with the group, increasing (again perhaps ever so slightly) the chances of a major exchange. If the terrorist group had some connections to groups in Russia and China, or existed in areas of the world over which Russia and China held sway, and if Washington felt that Moscow or Beijing were placing a curiously modest level of pressure on them, what conclusions might it then draw about their culpability? If Washington decided to use, or decided to threaten the use of, nuclear weapons, the responses of Russia and China would be crucial to the chances of avoiding a more serious nuclear exchange. They might surmise, for example, that while the act of nuclear terrorism was especially heinous and demanded a strong response, the response simply had to remain below the nuclear threshold. It would be one thing for a non-state actor to have broken the nuclear use taboo, but an entirely different thing for a state actor, and indeed the leading state in the international system, to do so. If Russia and China felt sufficiently strongly about that prospect, there is then the question of what options would lie open to them to dissuade the United States from such action: and as has been seen over the last several decades, the central dissuader of the use of nuclear weapons by states has been the threat of nuclear retaliation

#### Illegal immigration causes an increase in food-borne diseases

FAIR 9 [Federation for American Immigration Reform, most recent date cited, Illegal Immigration and Public Health, <http://www.fairus.org/issue/illegal-immigration-and-public-health>, CMR]

The impact of immigration on our public health is often overlooked. Although millions of visitors for tourism and business come every year, the foreign population of special concern is illegal residents, who come most often from countries with endemic health problems and less developed health care. They are of greatest consequence because they are responsible for a disproportionate share of serious public health problems, are living among us for extended periods of time, and often are dependent on U.S. health care services.¶ Public Health Risks¶ Because illegal immigrants, unlike those who are legally admitted for permanent residence, undergo no medical screening to assure that they are not bearing contagious diseases, the rapidly swelling population of illegal aliens in our country has also set off a resurgence of contagious diseases that had been totally or nearly eradicated by our public health system.¶ According to Dr. Laurence Nickey, director of the El Paso heath district “Contagious diseases that are generally considered to have been controlled in the United States are readily evident along the border ... The incidence of tuberculosis in El Paso County is twice that of the U.S. rate. Dr. Nickey also states that leprosy, which is considered by most Americans to be a disease of the Third World, is readily evident along the U.S.-Mexico border and that dysentery is several times the U.S. rate ... People have come to the border for economic opportunities, but the necessary sewage treatment facilities, public water systems, environmental enforcement, and medical care have not been made available to them, causing a severe risk to health and well being of people on both sides of the border.”1¶ A June, 2009 article in the New England Journal of Medicine noted that a majority (57.8%) of all new cases of tuberculosis in the United States in 2007 were diagnosed in foreign-born persons. The TB infection rate among foreign-born persons was 9.8 times as high as that among U.S.-born persons.2 The article documents the medical testing process for TB required of immigrants and refugees, and this points to foreigners who are unscreened, especially the illegal alien population as the logical source of this disproportionate rate of TB incidence. It should also be kept in mind that among U.S. citizens who contract TB their exposure to the disease may well have come from exposure to a non-U.S. citizen.¶ “The pork tapeworm, which thrives in Latin America and Mexico, is showing up along the U.S. border, threatening to ravage victims with symptoms ranging from seizures to death. ... The same [Mexican] underclass has migrated north to find jobs on the border, bringing the parasite and the sickness—cysticercosis—its eggs can cause[.] Cysts that form around the larvae usually lodge in the brain and destroy tissue, causing hallucinations, speech and vision problems, severe headaches, strokes, epileptic seizures, and in rare cases death.”3¶ The problem, however, is not confined to the border region, as illegal immigrants have rapidly spread across the country into many new economic sectors such as food processing, construction, and hospitality services.

#### Disease spread will cause extinction

Steinbruner 98 [John D., Senior Fellow at Brookings Institution, “Biological weapons: A plague upon all houses,” Foreign Policy, Dec 22, CMR]

It is a considerable comfort and undoubtedly a key to our survival that, so far, the main lines of defense against this threat have not depended on explicit policies or organized ¶ efforts. In the long course of evolution, the human body has developed physical barriers and a biochemical immune system whose sophistication and ¶ effectiveness exceed anything we could design or as yet even fully understand. But evolution is a sword that cuts both ways: New diseases¶ emerge, while old diseases mutate and adapt. Throughout history, there have been epidemics during which human immunity has ¶ broken down on an epic scale. An infectious agent believed to have been the plague bacterium killed an estimated 20 million people over a four-year period in the fourteenth ¶ century, including nearly one-quarter of Western Europe's population at the time. Since its recognized appearance in 1981, some 20 variations of the HIVvirus have ¶ infected an estimated 29.4 million worldwide, with 1.5 million people currently dying of aids each year. Malaria, tuberculosis, and ¶ cholera-once thought to be under control-are now making a comeback. As we enter the twenty-first century, changing conditions have enhanced the ¶ potential for widespread contagion. The rapid growth rate of the total world population, the unprecedented freedom of movement across international ¶ borders, and scientific advances that expand the capability for the deliberate manipulation of pathogens are all cause for worry that the problem might be greater in the ¶ future than it has ever been in the past. The threat of infectious pathogens is not just an issue of public health, but a fundamental security ¶ problem for the species as a whole.

#### Investment fund solves the underlying causes of illegal immigration by promoting growth in the Mexican economy – also eliminates border congestion

Hing 13 – Law Prof @ U of San Francisco

Bill Ong, Mexico: Too Big to Fail, 5/6, <http://www.huffingtonpost.com/bill-ong-hing/mexico-too-big-to-fail_b_3203620.html>, CMR

As President Obama visits Mexico to discuss, among other things, U.S. immigration reform, it's too bad that members of Congress who are involved in drafting legislation have left out a key ingredient to addressing undocumented immigration from Mexico: investing in Mexico in order to create jobs and ease the need for migrants to cross the border to seek employment. Apparently, the Obama Administration gets this. Ben Rhodes, an Obama deputy national security adviser, has acknowledged, "If the Mexican economy is growing, it forestalls the need for people to migrate to the United States to find work."¶ The fact that the Congress and the White House are tackling comprehensive immigration reform is good news for the estimated 11 million undocumented immigrants in the United States and their supporters. However, if the package does not include at least the first steps toward helping Mexico improve its economy and infrastructure, undocumented Mexican migration will not be solved permanently.¶ In 1994, we were told that NAFTA would solve the undocumented problem because jobs would be created in Mexico. But NAFTA contributed to huge job losses in Mexico. For example, Mexican corn farmers could not compete with heavily-subsidized U.S. corn farmers, and now Mexico imports most of its corn from the United States. For years, Mexico provided support to rural areas through systems of price supports for producers and reduced prices of agricultural products for consumers, but after NAFTA, Mexico withdrew this support. The United States, however, continued to produce subsidized corn in huge quantities at low prices, undercutting Mexico's corn prices; this subsidized system displaced Mexican workers because corn was a major source of rural income. The wages for low-wage workers have declined, and the rural poverty rate has increased. The idea of NAFTA-created jobs that would reduce pressure to migrate simply has not become a reality.¶ The fact that Mexico has faced job creation challenges under the NAFTA manufacturing model is even more troubling when placed in the context of the worldwide framework. Mexico was the first low-wage country that became a free trade partner with the United States and Canada. However, more and more free-trade agreements are being consummated, and WTO membership is growing. China's acceptance to the WTO created more competition for Mexico's manufacturing exports (especially in apparel and electronics). China is now the largest exporter to the United States, followed by Canada and Mexico. The United States and China are entering into more free-trade agreements with other countries, meaning other low-wage countries are gaining access to U.S. markets. U.S. agreements with Central American countries also mean that countries other than Mexico are using low-wage labor to produce goods headed for the United States.¶ Economic development in Mexico is the key to stopping undocumented migration. An investment fund to invest in roads, telecommunications, and post-secondary education in Mexico must be initiated. A national plan for infrastructure and transportation must be developed. Reducing geographical disparities within Mexico would likely decrease pressures to emigrate, and a first priority should be improving the road system from the U.S. border to the central and southern parts of Mexico. In spite of the growth in trade under NAFTA, significant investment in transportation and infrastructure has not occurred.¶ Although Mexico and the United States have developed the border area and NAFTA has helped to infuse new investment, the border region is burdened. By building up the central part of the country, border congestion could be relieved, and the whole system could be better managed.¶ Focusing on the educational system in Mexico also is key. Mexican students fall near the bottom in cross-country comparisons on basic literacy, math, and science. While the adult education level in the United States is twelve years, in Mexico, the level is about seven years. This low education level has severe implications for economic competitiveness and the standard of living for Mexicans whether they remain in Mexico or migrate to the United States.¶ One thing NAFTA has taught us is that, if we expect employment growth in Mexico to materialize as a result of trade agreements, investments must be targeted. We have to determine how to help Mexico's domestic industries by, for example, using domestic parts and supplies in production exports.¶ The rural parts of Mexico suffered under NAFTA. Subsistence farmers did not receive assistance or time to adjust to the new trade regime. Nothing was done to help protect their incomes as trade conditions changed. Forced to leave agriculture, these rural workers had little help moving into other sectors.¶ In order for any significant effect on Mexican migration to take place, significant investment in new technologies in small and medium-sized industries is necessary. Some of this new investment can be achieved through tax incentives to spur economic growth in the country's interior. Fruit and vegetable production development can absorb some of the rural workers previously displaced. Mexico's public infrastructure should be a major priority.¶ The recent Senate legislation on immigration reform crafted by the bi-partisan Gang of Eight allocates an additional $6.5 billion for border enforcement. The wisdom of huge, additional enforcement dollars targeting individuals who are entering in search of work to feed their families is questionable. Those funds would be spent so much more wisely and effectively on helping Mexico with its economy. The notion of a strong border may sound appealing, but a strong Mexican economy is the real way to reduce economic migration.

### 1AC – Plan + Solvency

#### Plan: The United States federal government should increase economic engagement toward Mexico through an economic investment fund.

#### SOLVENCY –

#### Investment fund reinvigorates US regional leadership and sustains long-term cooperation with Mexico while promoting successful integration

Pastor 12 – prof and director of the Center for North American Studies @ American

Robert A, Beyond the Continental Divide, July/August, <http://www.the-american-interest.com/article.cfm?piece=1269>, CMR

The Presidents of the United States and Mexico and the Prime Minister of Canada should seek to construct a North American Community that would invigorate their economies and improve the region’s competitiveness with Asia and Europe, enhance continental and public security, address more effectively the new transnational agenda, and design lean but effective trinational institutions for the 21st century. ¶ Such a Community would advance the principal goals of each country. For Mexico, it would narrow the development gap and lift its people to First-World status. For Canada, it would create institutions that would bind the three nations to agreed standards. For the United States, it would create a new style of leadership more aligned with long-term goals than with short-term special interests. For all three countries, it would allow a more cooperative and effective approach to transnational issues like transportation, infrastructure, immigration, anti-narcotics policies and the environment. ¶ The vision that undergirds this proposal is based on a principle of managed interdependence. If one country suffers a setback, all are hurt; success for one helps the others. The principle is simple and often lauded by leaders, but rarely acted on. If the United States actually accepted its “shared responsibility” for the drug problem, for example, it would get serious about making sure the 7,500 gun shops on the U.S. side of the border do not sell weapons to drug cartels. And if all three countries actually incorporated a sense of community, they would advertise “Buy North America” instead of “Buy USA”, “Buy Mexico” or “Buy Canada.”¶ The word “Community” refers to a group in which the members feel an affinity and desire to cooperate. It is not a union, and their relationship would differ from Europe’s, although, as already suggested, it should try to learn from Europe’s experience. It would be flexible enough for the three countries to define the new relationship that they would seek. Like the people and states of North America, the Community would be eminently pragmatic, choosing policies based on what advances the interests of all. ¶ By moving from a dual-bilateral relationship to a trilateral approach, the three countries could avoid duplication and clashing efforts. They would replace power imbalances with fair rules and would mobilize all three peoples to attack problems rather than each other. ¶ In December 2011, the U.S. and Canadian governments presented “Action Plans” on the border and regulatory convergence, and the U.S. and Mexican governments repeated the same exercise. The three countries restated the goal that they announced a decade before in the two “Smart Borders” agreements: to make the border efficient and secure. And they affirmed the need to harmonize regulations, just as they did in 2005, when they established the Security and Prosperity Partnership to avoid “the tyranny of small differences in regulations” that serve only to protect companies rather than benefit consumers. ¶ As it turned out, the “Action Plans” were really inaction plans. They set one-year deadlines for studies on virtually every issue identified a decade ago without ever trying to explain why the three governments had failed to achieve their goals. The Obama Administration waited until its third year to announce studies that won’t be completed until December 2012. The leaders called the plans “game-changers”, but anyone who bothered to read them knew they were playing the same old games. This was little more than a full-employment act for bureaucrats.¶ It is possible, of course, that a trilateral approach might not yield any more effective policies than the dual-bilateral efforts have so far. Nevertheless, it is clear that the only way to move forward on the agenda is for the leaders to grasp the North American opportunity, give it a high priority and organize their governments to accomplish their goals. It’s also clear we need to create institutions to help the three governments think continentally. At a minimum, we need a North American Advisory Commission to prepare continental options for all three leaders to consider and choose at annual summits. ¶ There is no paucity of problems to address. The three leaders should call for a North American Plan for Transportation and Infrastructure, for example, and establish a North American Investment fund that would connect the poorest southern regions of Mexico with the richer North American market. Such a fund would create the infrastructure in the south of Mexico that would attract investment and jobs and thus reduce migration to the north. ¶ To create a seamless market, the three countries should negotiate a common external tariff. That would eliminate the excessive “rules of origin” tax of about $500 billion per year, and the nominal common tariff could be used to fund the North American Investment Fund. Building roads, dismantling unnecessary border restrictions, expanding educational opportunities across the continent, harmonizing and raising environmental and labor standards, training tri-national teams of customs officers—these small steps could begin to invigorate the sleeping giant of North America.

**AND, Canada will follow US lead**

**Pastor 8 – Director @ Center for North American Studies**

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

**In addition to economic interests, there are three reasons** why **Canada should want** ¶ **to build a North American Community and contribute to a fund to narrow the** ¶ **development gap**. First, **Canada is a multilateral institution-builder and there is no** ¶ **relationship more important to Canada than with the U**nited **S**tates (James, Michaud, ¶ O’Reilly, 2007, ch. 1). It follows that a tri-national institution could be constructed in a ¶ manner that would serve Canada’s long-term interests in assuring that the U.S. negotiates ¶ fairly and complies with the rules of an agreement. **Second**ly, **Canada wants the U.S. to** ¶ **pay attention to its concerns and is frustrated that it does not. A joint approach with** ¶ **Mexico,** which can gain US attention because of the large Mexican-American population, ¶ **would certainly assist Canada**. But Mexico and Canada are likely to be more effective if ¶ they pursue fair rules rather than appear as if they are conspiring against the U.S. ¶ **The three governments should set the goal of helping Mexico achieve a sustained** ¶ **rate of growth for at least one decade of at least 6 percent per year**. If one assumes that ¶ the U.S. and Canada maintain a growth rate of 3 percent, the income gap would be ¶ reduced by 20 percent in the first decade and, hopefully, provide the momentum to close ¶ the gap within 40-50 years. While it would be desirable for the gap to be closed, the ¶ trajectory may be as important. If Mexicans see the gap closing in a consistent way, selfperceptions could change, and that could mean that fewer Mexicans would emigrate.

## 1AC NUTS AND BOLTS

### 1AC – Plan + Solvency

#### Plan: The United States federal government should increase economic engagement toward Mexico through an economic investment fund.

#### The plan jumpstarts broad internal reforms in Mexico that promote economic growth while creating effective border security

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Imtiaz, “Community, diffusion, & North American expansiveness”, google books, CMR

North American is different from Europe, but it should learn from the experience, and establish a North American Investment Fund that would invest $20b per year for a decade to build roads to connect the south and center of Mexico to the United States. Mexico should provide half of the funds; the US, 40%, and Canada, 10%. The funds should be administered by the World Bank. To make best use of these resources, Mexico needs also to undertake fiscal, energy, electricity, and labor reforms. However, instead of making the aid conditional or waiting for Mexico to do the reforms, the three leaders should decide how each would contribute to the community’s goal of narrowing the gap. This approach would give Mexico the leverage to undertake the reforms. ¶ The North American Investment Fund would spend less than half as much as Europe did in half the time, but coupled with comprehensive reforms, it would propel Mexico’s economy forward. The US contribution over ten years would be about one-third of what it has spent in Iraq in the last three years, but in this case the US economy would benefit. This fund won’t end illegal immigration overnight or even in 10 years, but unless something is done to reduce the income gap, illegal migration will increase. If Mexico grows at twice the rate of the US and Canada, as would occur under this plan, the gap will close by 20% in a decade, and Mexicans will begin to think about their future in Mexico rather than plan for their exit north. ¶ A community approach to narrowing the income gap would yield dividends in other areas. In a post-9/11 world, the best way to assure the security of North America is not at our borders with Canada and Mexico and not by defining “security” solely by fences, but rather by forging a consensus with our neighbors to build a North American Security Perimeter. Canadian, Mexican, and US officials would work together on the same team, sharing intelligence and using the same procedures and exclusion lists at every port of entry. This would supplement, not eliminate existing border protection. [Page 37-38]

#### Investment fund reinvigorates US regional leadership and sustains long-term cooperation with Mexico while promoting successful integration

Pastor 12 – prof and director of the Center for North American Studies @ American

Robert A, Beyond the Continental Divide, July/August, <http://www.the-american-interest.com/article.cfm?piece=1269>, CMR

The Presidents of the United States and Mexico and the Prime Minister of Canada should seek to construct a North American Community that would invigorate their economies and improve the region’s competitiveness with Asia and Europe, enhance continental and public security, address more effectively the new transnational agenda, and design lean but effective trinational institutions for the 21st century. ¶ Such a Community would advance the principal goals of each country. For Mexico, it would narrow the development gap and lift its people to First-World status. For Canada, it would create institutions that would bind the three nations to agreed standards. For the United States, it would create a new style of leadership more aligned with long-term goals than with short-term special interests. For all three countries, it would allow a more cooperative and effective approach to transnational issues like transportation, infrastructure, immigration, anti-narcotics policies and the environment. ¶ The vision that undergirds this proposal is based on a principle of managed interdependence. If one country suffers a setback, all are hurt; success for one helps the others. The principle is simple and often lauded by leaders, but rarely acted on. If the United States actually accepted its “shared responsibility” for the drug problem, for example, it would get serious about making sure the 7,500 gun shops on the U.S. side of the border do not sell weapons to drug cartels. And if all three countries actually incorporated a sense of community, they would advertise “Buy North America” instead of “Buy USA”, “Buy Mexico” or “Buy Canada.”¶ The word “Community” refers to a group in which the members feel an affinity and desire to cooperate. It is not a union, and their relationship would differ from Europe’s, although, as already suggested, it should try to learn from Europe’s experience. It would be flexible enough for the three countries to define the new relationship that they would seek. Like the people and states of North America, the Community would be eminently pragmatic, choosing policies based on what advances the interests of all. ¶ By moving from a dual-bilateral relationship to a trilateral approach, the three countries could avoid duplication and clashing efforts. They would replace power imbalances with fair rules and would mobilize all three peoples to attack problems rather than each other. ¶ In December 2011, the U.S. and Canadian governments presented “Action Plans” on the border and regulatory convergence, and the U.S. and Mexican governments repeated the same exercise. The three countries restated the goal that they announced a decade before in the two “Smart Borders” agreements: to make the border efficient and secure. And they affirmed the need to harmonize regulations, just as they did in 2005, when they established the Security and Prosperity Partnership to avoid “the tyranny of small differences in regulations” that serve only to protect companies rather than benefit consumers. ¶ As it turned out, the “Action Plans” were really inaction plans. They set one-year deadlines for studies on virtually every issue identified a decade ago without ever trying to explain why the three governments had failed to achieve their goals. The Obama Administration waited until its third year to announce studies that won’t be completed until December 2012. The leaders called the plans “game-changers”, but anyone who bothered to read them knew they were playing the same old games. This was little more than a full-employment act for bureaucrats.¶ It is possible, of course, that a trilateral approach might not yield any more effective policies than the dual-bilateral efforts have so far. Nevertheless, it is clear that the only way to move forward on the agenda is for the leaders to grasp the North American opportunity, give it a high priority and organize their governments to accomplish their goals. It’s also clear we need to create institutions to help the three governments think continentally. At a minimum, we need a North American Advisory Commission to prepare continental options for all three leaders to consider and choose at annual summits. ¶ There is no paucity of problems to address. The three leaders should call for a North American Plan for Transportation and Infrastructure, for example, and establish a North American Investment fund that would connect the poorest southern regions of Mexico with the richer North American market. Such a fund would create the infrastructure in the south of Mexico that would attract investment and jobs and thus reduce migration to the north. ¶ To create a seamless market, the three countries should negotiate a common external tariff. That would eliminate the excessive “rules of origin” tax of about $500 billion per year, and the nominal common tariff could be used to fund the North American Investment Fund. Building roads, dismantling unnecessary border restrictions, expanding educational opportunities across the continent, harmonizing and raising environmental and labor standards, training tri-national teams of customs officers—these small steps could begin to invigorate the sleeping giant of North America.

#### Only an investment fund can restore US-Mexico relations, boost competitiveness, and eliminate the income gap to slow illegal immigration

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

The North American Free Trade Agreement (NAFTA) came into effect on ¶ January 1, 1994 and, in thirteen years, trade among Canada, Mexico, and the United ¶ States tripled and foreign direct investment quintupled, making North America the largest ¶ free trade area in the world. Despite this success, relations among all three countries ¶ deteriorated, and a swirl of problems led many to view NAFTA as a failure. ¶ A major cause of the deterioration of relations is the failure of the three ¶ governments to find agreement on immigration, trade, and security. None of these ¶ problems can be solved easily or soon but serious progress is not possible until the three ¶ governments begin to construct a “community of interests” in which each of the them ¶ commit significant resources and undertake reforms to close the income gap between ¶ Mexico and its two neighbors and forge institutions and procedures to sustain trust. ¶ Why is the income gap so important to each of the three issues? Contrary to ¶ conventional wisdom, more than 90 percent of the undocumented workers from Mexico ¶ do not come to the United States seeking jobs. They leave jobs in Mexico for much ¶ better wages in the United States. Unless the income gap is significantly narrowed, ¶ migration from Mexico will continue to expand. Securing the United States after 9/11 ¶ depends on a secure continent and that is difficult when one of the weakest links is ¶ Mexico’s poverty. Finally, free trade policies have become unpopular because of chronic ¶ disputes, the view by some in the United States that it loses jobs because of free trade, the ¶ failure of the United States to comply with NAFTA courts, and the view that Mexico ¶ would be more developed if free trade worked. ¶ All three problems point to the same solution: a North American Investment Fund ¶ which invests $20 billion per year for a decade to close the income gap by grants to build ¶ infrastructure—roads, communications, railroads, ports—to connect the poor center and ¶ south of Mexico to its northern neighbors. Ten billion dollars would come from ¶ additional taxes by Mexicans; $9 billion would come from the United States, and $1 ¶ billion from Canada. But these would only be part of an arrangement whereby Mexico ¶ undertakes the kinds of reforms that would allow it to make effective use of these ¶ resources. ¶ Such a Fund is only possible if the three governments articulate a North American ¶ Community and pledge to contribute, each in its own way, to a strategy that will close the ¶ income gap and build institutions to resolve old problems and address new opportunities. ¶ That is the solution. Now, what exactly is the problem? If immigrants contribute to the ¶ U.S. economy so much, why is it a problem? ¶ During a state visit by Mexican President Vicente Fox in September 2001, just ¶ days before the September 11th tragedy, President George W. Bush agreed to reform U.S. ¶ immigration laws as they affected Mexico. There are about 11 million “undocumented ¶ workers” in the United States, of whom about 6.3 million are Mexicans. Fox wanted to ¶ regularize the status of the Mexicans and ensure a large and steady flow of temporary ¶ workers. Despite Bush’s pledge to address the issue, four years passed before he sent his ¶ Cabinet to Congress to outline his Administration’s approach. On October 18, 2005, ¶ U.S. Homeland Security Secretary Michael Chertoff testified: “The President believes—¶ and I agree—that illegal immigration threatens our communities and our national ¶ security.” He proposed more funding for border patrol, even though the number of ¶ officers tripled and the budget increased ten-fold during the previous two decades ¶ (Massey 2005). ¶ While the U.S. was concerned with security, the immigration issue is primarily an ¶ economic and social issue. The U.S. wants cheap labor and Mexicans want better wages ¶ in the United States. There is nothing wrong with that, except that Mexicans who are in ¶ the United States illegally are easily exploited and, thus, are compelled to work harder at ¶ wages too low for most Americans. Even during the boom years of the 1990s, when the ¶ income of most Americans improved, the wages of native-born unskilled workers ¶ declined by about 10 percent, due, in part, to more competition by illegal workers. There ¶ is, also, a humanitarian issue of dealing with 11 million illegal migrants in the country. ¶ The United States has embarked on a long journey to cope with these problems, ¶ and while there are many proposals to “regularize” the 11 million undocumented workers ¶ in the country, none can do so without provoking a new wave of illegal migration. None ¶ of these proposals will solve or even reduce the flow of undocumented migration to the ¶ United States. Indeed, regularizing the status of those who are here illegally may well ¶ encourage greater flows in the future. This is what occurred after passage of the 1986 ¶ Immigration Reform and Control Act, which combined legalization, which was ¶ implemented, and employer sanctions, which were largely ignored. This was one of the ¶ reasons why immigration reform failed to pass the Senate in June 2007. ¶ The American people are increasingly frustrated and worried about the inability ¶ of the U.S. government to control the borders. A New York Times/CBS poll in October ¶ 2005 found that 75% of Americans think that the government should do much more to ¶ keep out illegal aliens, and by May 2007, 82% of Americans felt that way (“Poll finds ¶ 69% Believe Illegal Immigrants Should be Deported,” New York Times, May 25, 2007). ¶ However, no one has proposed an effective strategy to address the challenge. The reason ¶ is that it would be very expensive to solve this problem because there is only one way to ¶ reduce that flow. The development gap between the United States and Mexico must be ¶ narrowed. A strategy aimed to accomplish that goal would not only reduce illegal ¶ migration; it would solve several other chronic problems in North America and beyond. ¶ Many in Mexico viewed the North American Free Trade Agreement (NAFTA) as ¶ a vehicle to achieve a first-world economy and close the development gap that separated ¶ it from its northern neighbors. Many in the United States supported NAFTA in the hope ¶ that it would reduce undocumented migration from Mexico. Many in Latin America and ¶ the Caribbean looked at NAFTA as a model for a Free Trade Area of the Americas ¶ (FTAA), which would allow them to board a train to the first world. Although NAFTA ¶ expanded trade within North America, neither the development gap nor undocumented ¶ migration diminished and, as it became clear that free-trade did not achieve the promise ¶ of development, many in Latin America and beyond questioned the utility of free trade. ¶ Until free trade can be viewed as beneficial to its poorer members, the prospect of ¶ expanding its boundaries will remain small. ¶ Unless and until the development gap between Mexico and the U.S. can begin to ¶ close, the prospect of having a genuine partnership among the three countries of North ¶ America will remain distant. There are other compelling reasons for the three ¶ governments to consider the development gap as the paramount challenge facing North ¶ America. NAFTA, at best, has run out of steam; the continental relationships are in ¶ danger of going into reverse. The policy responses to 9/11 and the creation of the ¶ Department of Homeland Security have constructed a formidable speed bump on the two ¶ borders that impede trade. ¶ NAFTA may be viewed as a problem but “North America” is, actually, a ¶ magnificent opportunity. Stimulating Mexico’s economy might be one of the best ways ¶ to promote competitiveness for the entire continent. The most effective response to ¶ competition from China, for example, is one that merges the comparative advantages of ¶ each unit of North America. Developing a community of interests in which the three ¶ governments take steps to make the continent more secure and their relationships fair ¶ would establish the region as the model.

### 1AC – Illegal Immigration

#### Advantage\_\_\_: Illegal Immigration

#### Despite recent policy changes, illegal immigration is increasing – arrest rates prove

Dinan ’13 (Stephen, “Arrest numbers signal 9 percent jump in illegal immigration in 2012”, 1/29, <http://www.washingtontimes.com/news/2013/jan/29/arrests-signal-9-percent-jump-illegal-immigration/?page=all>, CMR)

Even as President Obama travels to Las Vegas Tuesday to call for legalizing illegal immigrants, the latest numbers from the U.S. Border Patrol suggest that the flow across the nation’s southwest border jumped by 9 percent last year.¶ The Border Patrol made 356,873 arrests along the U.S.-Mexico border in fiscal year 2012, up from 327,577 in 2011, according to figures obtained by the Associated Press and confirmed by The Washington Times. Border Patrol officials estimate that apprehensions are a good proxy for illegal crossings, so when the numbers go up, it means that the flow of illegal immigrants is going up as well.¶ Last year’s increase marks a reversal. Apprehensions peaked in 2005 at 1.2 million and had been steadily dropping every year since as first President George W. Bush and then Mr. Obama committed more manpower and resources to the border.¶ In his first term Mr. Obama said he had fortified the border so much that it could now be deemed secure, and Congress could turn its attention to passing an overhaul of the broader immigration system.¶ On the way to Las Vegas, White House press secretary Jay Carney told reporters Tuesday that the apprehension numbers are a good sign.¶ “We’ve seen in Fiscal Year 2012 apprehensions totaled nearly 365,000 nationwide; that’s a 50 percent decrease from 2008,” he said.¶ The Homeland Security Department didn’t respond Tuesday morning to a request for comment on the new numbers, but Jessica Vaughan, director of policy studies for the Center for Immigration Studies, said the data represents a problem for Mr. Obama as he pushes for legalization.¶ “The Obama administration has asked the public and policy makers to accept its theory that declining numbers have meant that we are actually getting control of the border and that it is ‘more secure than ever before.’ If they’re going to stick with that logic, this would meant that things are going in the other direction,” she said.¶ She said the new numbers should push lawmakers to put the brakes on immigration and wait to see what’s behind the increase: whether it’s Latin American economies pushing more people to flee, or the U.S. economy improving enough to draw in new immigrant workers, or failures in American border security efforts.¶ Mr. Obama is expected to use his Las Vegas speech to embrace much of the bipartisan framework announced Monday by eight senators that would grant immediate legal status to all illegal immigrants, but withhold green cards until the border is secured. Green cards, signifying legal permanent residency, are the key interim step before getting citizenship.¶ Politico reported Tuesday that Mr. Obama will agree with most of the framework, but will balk at waiting for border security to be guaranteed before issuing green cards.¶ Border security has been among the thorniest issues of the immigration debate.¶ In 2007, the Senate’s last effort to pass a legalization bill failed after voters flooded the Capitol switchboard with calls insisting that Congress first work to secure the borders.¶ President Bush and Congress boosted manpower and technology on the border, and the number of apprehensions — and, presumably, illegal crossings — dropped dramatically.¶ In fiscal year 2005 the Border Patrol made 1,1717,396 arrests along the southwest border; it made 1,071,972 arrests in 2006; 858,638 arrests in 2007; 705,005 arrests in 2008; 540,865 in 2009; 447,731 in 2010; and 327,577 in 2011.¶ A Government Accountability Office report earlier this month detailed some of the Border Patrol’s internal calculations about how many illegal crossers it misses, and the report said about 40 percent of would-be illegal immigrants get away. That rate has held consistent over time.¶ But Glenn Spencer, head of American Border Patrol, a private citizens group that tracks border crossings, said according to their own estimates, the Border Patrol only catches about 30 percent of illegal crossers.¶ If true, that would mean more than 800,000 illegal immigrants crossed without being apprehended last year.

#### Tide of illegal immigration makes terrorism inevitable

Ting 6 [OTMS refers to non-Mexican immigrants; Jan, professor of law at Temple University's Beasley School of Law and an FPRI senior fellow, Immigration and National Security, Orbis 50.1 p 41-52, CMR]

This summer’s terror bombings in London have brought new attention to the Islamist threat. They also highlight the striking difference between U.S. and European views over the Islamist threat. In Europe, the greatest concern is the threat from its own resident immigrant population, particularly the young second and third generations, born in Europe. In the U.S., the greatest concern is not its own population, but the threat of those sent from abroad to attack America.¶ With acts of violence from Muslim citizens in Europe increasing in number and scale, many Europeans feel that the Islamist threat needs to be addressed at home, not in Iraq. But four years after 9/11, America’s national borders remain open and uncontrolled, even as the government spends billions of dollars and thousands of lives in Iraq and Afghanistan fighting terrorism, and even as it worries about protecting the nation’s ports, power supply, mass transit, and every other possible target against terrorist threats.¶ Illegal Immigration¶ Every night, thousands of foreigners covertly enter the U.S. The official estimate is that the U.S. Border Patrol intercepts only 1 out of every 4 illegal border crossers. But current and former Border Patrol officers say that the ratio of those intercepted is much lower-probably more like 1:8 or 1:10. And because of the illegals’ remittances of U.S. dollars back to their home country, Mexico in particular has been supportive of its citizens who choose to enter the U.S. illegally.¶ Data on Border Patrol apprehensions for fiscal years 2000-05 show that apprehensions were highest in 2000, over 1.5 million, and then declined over the next three years, following 9/11. They rose again in 2004 and 2005, after President Bush announced his proposal for guest-worker amnesty in January 2004. Apprehensions along the southern border make up about 98 percent of total apprehensions. Most of those apprehended near the U.S.’s southern border are Mexicans, but there are also numerous “other than Mexicans,” or OTMs.¶ Research by Wayne Cornelius of the Center for Comparative Immigration Studies at the University of California, San Diego suggests that 92 percent of Mexicans seeking to enter the U.S. illegally eventually succeed. Meanwhile, the number of OTMs apprehended near the southern border has been clearly and dramatically increasing since 2000, from 28,598 that year to 65,814 in 2004 and 100,142 OTM in the first eight months of fiscal 2005 alone.¶ What happens following apprehension is very different for OTMs than for Mexicans, who can be immediately returned to Mexico in what is described as voluntary departure. (In the case of adult Mexicans, U.S. authorities simply take them back to the border.) In contrast, the Mexican government does not allow the U.S. to send OTMs back into Mexico. That may be understandable, but since these OTMs clearly entered the U.S. through Mexico, Washington might usefully and legitimately put some diplomatic pressure on Mexico City either to take the OTMs back or to prevent their entry into the U.S. in the first place.¶ An OTM has to be scheduled for a hearing with an immigration judge, who can issue a removal order. A scheduled immigration hearing may be weeks later, and even if a removal order is issued, the alien has the right to appeal to the Board of Immigration Appeals and then the federal courts. The government therefore has a dilemma. It can either detain the alien until the hearing (and, if a removal order is issued, until all appeal rights are exhausted), or it can release the alien on his “own recognizance,” and hope that the alien will voluntarily appear for the scheduled hearing and, if ordered removed and after exhausting all appeals, voluntarily appear for deportation.¶ Because the government has only authorized and funded a small number of detention spaces (a total of 19,444 in 2004, with another 1,950 added in May 2005), increasing numbers of OTMs are released on their own recognizance. Fewer than 6,000 OTMs were released on their own recognizance in each of 2001 and 2002, but the number increased to 7,972 in 2003 and jumped to 34,161 in 2004; 70,624 were released in just the first 8 months of fiscal 2005.¶ The failure-to-appear rate at one Texas immigration court is 98 percent. A removal order is typically issued in absentia for those who fail to appear. When the statutory appeal rights all expire, the names are added to the list of alien “absconders” who have actually been caught by the government, ordered removed by an immigration judge, exhausted all their appeal rights, but are still in the country anyway. The list of such absconders is now 465,000 and growing, out of a total illegal alien population of 8 to 12 million, per a December 2003 estimate by Tom Ridge, then Secretary of Homeland Security. Lou Dobbs of CNN, among others, uses 20 million as a more realistic number.¶ The release rate for apprehended OTMs is now so high, Border Patrol agents report that instead of hiding from the authorities, illegally entering OTMs actually seek them out in order to obtain the document charging them with illegal entry. They call this “Notice to Appear,” which informs them of the date and place of their scheduled hearing before an immigration judge, a permiso; some agents call it a “Notice to Disappear,” since that is what it permits them to do. If they are challenged while moving deeper into the U.S. from the border, they can produce the document to show that they have already scheduled an appointment before immigration judges.¶ The overwhelming majority of the millions of illegals, and even of the absconders, are not terrorists. But the sea of incoming illegal aliens provides a cover and a culture in which terrorists can hide, and a reliable means of entry. And as we know from the case of the 2004 Madrid train bombings, many Islamist terrorists are fluent in Spanish. Border Patrol apprehension figures show that among the OTMs apprehended in 2004 and 2005 were hundreds of persons from 35 “special interest” countries, almost all of which are Muslim. These countries include Afghanistan, Egypt, Iran, Iraq, Lebanon, Saudi Arabia, Somalia, Sudan, Syria, and Yemen; the number-one country in the group is Pakistan. Again, these are just the apprehensions: for every alien apprehended entering the U.S. illegally, an estimated 3 to 9 others succeed.

#### Terrorism is likely – failure to secure borders means terrorists will smuggle nuclear weapons into the US

Joyner 9 [Christopher C: Professor of Government and Foreign Service at Georgetown, June 22nd, “Article: Nuclear terrorism in a globalizing world: assessing the threat and the emerging management regime,” <http://www.highbeam.com/doc/1G1-216486733.html>, CMR]

A. The Cause for Concern¶ During the last decade, the determination of al-Qaeda to acquire nuclear weapons, the information and communication powers afforded to them by globalization, and the existence of fissile nuclear materials in unstable regions have all contributed to the transformation of the threat of nuclear terrorism from a hypothetical scenario into a policy issue of grave concern. (27) In its examination of the terrorist threats facing the United States after the events of September 11, 2001, the 9/11 Commission averred that, "[p]reventing terrorists from gaining access to weapons of mass destruction must be elevated above all other problems of national security ... [the President] should develop a comprehensive plan to dramatically accelerate the timetable for securing all nuclear weapons material around the world." (28) This report was based on the discovery of documents by the United States describing the extent of al-Qaeda's nuclear ambitions. In 1998, Osama bin Laden declared that the acquisition of nuclear weapons was a "religious duty." (29) Since this time, reports indicate that al-Qaeda has made numerous attempts to purchase nuclear weapons on the black market, but these efforts have been thwarted by supposed sellers scamming al-Qaeda. (30) Indeed, the CIA's Bin Laden Unit has documented what it describes as a "professional" attempt to acquire nuclear weapons by al-Qaeda, which prompted the conclusion that "there could be no doubt after this date [late 1996] that al-Qaeda was in deadly earnest in seeking nuclear weapons. (31) This particular attempt even involved meetings with Pakistani nuclear scientists, as well as calls for other scientists with nuclear expertise to join the fight against the United States. In spite of the disruption of al-Qaeda's network since the War on Terror began in 2001, U.S. officials continue to warn that its members retain the ability to launch terrorist nuclear attacks coordinated from its new bases in Pakistan. (32) As such, the desire of al-Qaeda to conduct massive nuclear attacks against the United States is one of the principal factors that has made nuclear terrorism a real threat in the 21st century.¶ The danger that al-Qaeda's nuclear ambitions pose to the United States is compounded by the manner in which the processes of globalization have impacted the world. These impacts have not only empowered other purveyors of jihadist violence, but they also have simplified the means by which such terrorists can smuggle and deliver nuclear weapons to their intended targets. Notwithstanding the debate over the pros and cons of globalization, it is widely accepted that, "[t]he technological revolution presupposes global computerized networks and the free movement of goods, information, and peoples across national boundaries." (33) In the same ways that these occurrences facilitate more efficient functioning of daily life in many states, globalization concomitantly creates more and speedier networks through which international terrorist organizations can perpetrate violent attacks. (34)¶ Technological innovations such as the internet and telecommunication networks that have accompanied globalization allow terrorists to communicate with one another across the globe, and thus contribute to the ease with which they can orchestrate and execute complex missions. (35) With respect to nuclear terrorism, terrorists can now discover the location of fissile materials and plan attacks on nuclear facilities with much greater ease. Meanwhile, they are also able to utilize tools like the internet to disseminate and access information concerning the construction of nuclear devices. (36) As such, globalization has allowed terrorist groups like AI-Qaeda to transform themselves into powerful non-state actors with specialized technological knowledge that can subvert the goals of powerful states. (37)¶ Moreover, globalization enables terrorist groups to transport nuclear weapons more stealthily from their places of origin to intended targets. As a result of globalization and commercial liberalization, massive amounts of international trade and commerce occur everyday. Given the sheer volume of goods entering all states, the chance of detecting illicit commodities is lower. (38) In the case of the United States, as of late 2008 there were 317 entry points into the country, which makes the volume of goods entering the United States that much more difficult to detect and thoroughly examine. (39) This is significant because, with respect to nuclear materials, only small amounts of easily concealable fissile material are needed to create dangerous devices. Accordingly, physical detection is made more difficult and smuggling nuclear material in large containers becomes more practicable. (40) Electronic detection instruments, while in development and being tested in limited cases, have not yet been fully deployed. (41) Meanwhile, large amounts of illegal drugs and immigrants enter even the most highly industrialized countries like the United States every year, testifying to the ease with which groups could simply smuggle nuclear materials across porous state borders. (42)These developments render the threat of nuclear terrorism a far more serious policy issue than previously acknowledged, as they afford terrorist organizations greater power and easier means to accomplish their nuclear ambitions to destroy western societies. (43) Meanwhile, globalization means that "new threats cannot be contained and controlled within one State" and will consequently require international solutions. (44)

#### That causes great power nuclear war

Ayson 10, Professor of Strategic Studies and Director of the Centre for Strategic Studies: New Zealand at the Victoria University of Wellington, 2010 (Robert, “After a Terrorist Nuclear Attack: Envisaging Catalytic Effects,” Studies in Conflict & Terrorism, Volume 33, Issue 7, July, Available Online to Subscribing Institutions via InformaWorld)

A terrorist nuclear attack, and even the use of nuclear weapons in response by the country attacked in the first place, would not necessarily represent the worst of the nuclear worlds imaginable. Indeed, there are reasons to wonder whether nuclear terrorism should ever be regarded as belonging in the category of truly existential threats. A contrast can be drawn here with the global catastrophe that would come from a massive nuclear exchange between two or more of the sovereign states that possess these weapons in significant numbers. Even the worst terrorism that the twenty-first century might bring would fade into insignificance alongside considerations of what a general nuclear war would have wrought in the Cold War period. And it must be admitted that as long as the major nuclear weapons states have hundreds and even thousands of nuclear weapons at their disposal, there is always the possibility of a truly awful nuclear exchange taking place precipitated entirely by state possessors themselves. But these two nuclear worlds—a non-state actor nuclear attack and a catastrophic interstate nuclear exchange—are not necessarily separable. It is just possible that some sort of terrorist attack, and especially an act of nuclear terrorism, could precipitate a chain of events leading to a massive exchange of nuclear weapons between two or more of the states that possess them. In this context, today’s and tomorrow’s terrorist groups might assume the place allotted during the early Cold War years to new state possessors of small nuclear arsenals who were seen as raising the risks of a catalytic nuclear war between the superpowers started by third parties. These risks were considered in the late 1950s and early 1960s as concerns grew about nuclear proliferation, the so-called n+1 problem. It may require a considerable amount of imagination to depict an especially plausible situation where an act of nuclear terrorism could lead to such a massive inter-state nuclear war. For example, in the event of a terrorist nuclear attack on the United States, it might well be wondered just how Russia and/or China could plausibly be brought into the picture, not least because they seem unlikely to be fingered as the most obvious state sponsors or encouragers of terrorist groups. They would seem far too responsible to be involved in supporting that sort of terrorist behavior that could just as easily threaten them as well. Some possibilities, however remote, do suggest themselves. For example, how might the United States react if it was thought or discovered that the fissile material used in the act of nuclear terrorism had come from Russian stocks,40 and if for some reason Moscow denied any responsibility for nuclear laxity? The correct attribution of that nuclear material to a particular country might not be a case of science fiction given the observation by Michael May et al. that while the debris resulting from a nuclear explosion would be “spread over a wide area in tiny fragments, its radioactivity makes it detectable, identifiable and collectable, and a wealth of information can be obtained from its analysis: the efficiency of the explosion, the materials used and, most important … some indication of where the nuclear material came from.”41 Alternatively, if the act of nuclear terrorism came as a complete surprise, and American officials refused to believe that a terrorist group was fully responsible (or responsible at all) suspicion would shift immediately to state possessors. Ruling out Western ally countries like the United Kingdom and France, and probably Israel and India as well, authorities in Washington would be left with a very short list consisting of North Korea, perhaps Iran if its program continues, and possibly Pakistan. But at what stage would Russia and China be definitely ruled out in this high stakes game of nuclear Cluedo? In particular, if the act of nuclear terrorism occurred against a backdrop of existing tension in Washington’s relations with Russia and/or China, and at a time when threats had already been traded between these major powers, would officials and political leaders not be tempted to assume the worst? Of course, the chances of this occurring would only seem to increase if the United States was already involved in some sort of limited armed conflict with Russia and/or China, or if they were confronting each other from a distance in a proxy war, as unlikely as these developments may seem at the present time. The reverse might well apply too: should a nuclear terrorist attack occur in Russia or China during a period of heightened tension or even limited conflict with the United States, could Moscow and Beijing resist the pressures that might rise domestically to consider the United States as a possible perpetrator or encourager of the attack? Washington’s early response to a terrorist nuclear attack on its own soil might also raise the possibility of an unwanted (and nuclear aided) confrontation with Russia and/or China. For example, in the noise and confusion during the immediate aftermath of the terrorist nuclear attack, the U.S. president might be expected to place the country’s armed forces, including its nuclear arsenal, on a higher stage of alert. In such a tense environment, when careful planning runs up against the friction of reality, it is just possible that Moscow and/or China might mistakenly read this as a sign of U.S. intentions to use force (and possibly nuclear force) against them. In that situation, the temptations to preempt such actions might grow, although it must be admitted that any preemption would probably still meet with a devastating response. As part of its initial response to the act of nuclear terrorism (as discussed earlier) Washington might decide to order a significant conventional (or nuclear) retaliatory or disarming attack against the leadership of the terrorist group and/or states seen to support that group. Depending on the identity and especially the location of these targets, Russia and/or China might interpret such action as being far too close for their comfort, and potentially as an infringement on their spheres of influence and even on their sovereignty. One far-fetched but perhaps not impossible scenario might stem from a judgment in Washington that some of the main aiders and abetters of the terrorist action resided somewhere such as Chechnya, perhaps in connection with what Allison claims is the “Chechen insurgents’ … long-standing interest in all things nuclear.”42 American pressure on that part of the world would almost certainly raise alarms in Moscow that might require a degree of advanced consultation from Washington that the latter found itself unable or unwilling to provide. There is also the question of how other nuclear-armed states respond to the act of nuclear terrorism on another member of that special club. It could reasonably be expected that following a nuclear terrorist attack on the United States, both Russia and China would extend immediate sympathy and support to Washington and would work alongside the United States in the Security Council. But there is just a chance, albeit a slim one, where the support of Russia and/or China is less automatic in some cases than in others. For example, what would happen if the United States wished to discuss its right to retaliate against groups based in their territory? If, for some reason, Washington found the responses of Russia and China deeply underwhelming, (neither “for us or against us”) might it also suspect that they secretly were in cahoots with the group, increasing (again perhaps ever so slightly) the chances of a major exchange. If the terrorist group had some connections to groups in Russia and China, or existed in areas of the world over which Russia and China held sway, and if Washington felt that Moscow or Beijing were placing a curiously modest level of pressure on them, what conclusions might it then draw about their culpability? If Washington decided to use, or decided to threaten the use of, nuclear weapons, the responses of Russia and China would be crucial to the chances of avoiding a more serious nuclear exchange. They might surmise, for example, that while the act of nuclear terrorism was especially heinous and demanded a strong response, the response simply had to remain below the nuclear threshold. It would be one thing for a non-state actor to have broken the nuclear use taboo, but an entirely different thing for a state actor, and indeed the leading state in the international system, to do so. If Russia and China felt sufficiently strongly about that prospect, there is then the question of what options would lie open to them to dissuade the United States from such action: and as has been seen over the last several decades, the central dissuader of the use of nuclear weapons by states has been the threat of nuclear retaliation

#### Illegal immigration causes an increase in food-borne diseases

FAIR 9 [Federation for American Immigration Reform, most recent date cited, Illegal Immigration and Public Health, <http://www.fairus.org/issue/illegal-immigration-and-public-health>, CMR]

The impact of immigration on our public health is often overlooked. Although millions of visitors for tourism and business come every year, the foreign population of special concern is illegal residents, who come most often from countries with endemic health problems and less developed health care. They are of greatest consequence because they are responsible for a disproportionate share of serious public health problems, are living among us for extended periods of time, and often are dependent on U.S. health care services.¶ Public Health Risks¶ Because illegal immigrants, unlike those who are legally admitted for permanent residence, undergo no medical screening to assure that they are not bearing contagious diseases, the rapidly swelling population of illegal aliens in our country has also set off a resurgence of contagious diseases that had been totally or nearly eradicated by our public health system.¶ According to Dr. Laurence Nickey, director of the El Paso heath district “Contagious diseases that are generally considered to have been controlled in the United States are readily evident along the border ... The incidence of tuberculosis in El Paso County is twice that of the U.S. rate. Dr. Nickey also states that leprosy, which is considered by most Americans to be a disease of the Third World, is readily evident along the U.S.-Mexico border and that dysentery is several times the U.S. rate ... People have come to the border for economic opportunities, but the necessary sewage treatment facilities, public water systems, environmental enforcement, and medical care have not been made available to them, causing a severe risk to health and well being of people on both sides of the border.”1¶ A June, 2009 article in the New England Journal of Medicine noted that a majority (57.8%) of all new cases of tuberculosis in the United States in 2007 were diagnosed in foreign-born persons. The TB infection rate among foreign-born persons was 9.8 times as high as that among U.S.-born persons.2 The article documents the medical testing process for TB required of immigrants and refugees, and this points to foreigners who are unscreened, especially the illegal alien population as the logical source of this disproportionate rate of TB incidence. It should also be kept in mind that among U.S. citizens who contract TB their exposure to the disease may well have come from exposure to a non-U.S. citizen.¶ “The pork tapeworm, which thrives in Latin America and Mexico, is showing up along the U.S. border, threatening to ravage victims with symptoms ranging from seizures to death. ... The same [Mexican] underclass has migrated north to find jobs on the border, bringing the parasite and the sickness—cysticercosis—its eggs can cause[.] Cysts that form around the larvae usually lodge in the brain and destroy tissue, causing hallucinations, speech and vision problems, severe headaches, strokes, epileptic seizures, and in rare cases death.”3¶ The problem, however, is not confined to the border region, as illegal immigrants have rapidly spread across the country into many new economic sectors such as food processing, construction, and hospitality services.

#### Disease spread will cause extinction

Steinbruner 98 [John D., Senior Fellow at Brookings Institution, “Biological weapons: A plague upon all houses,” Foreign Policy, Dec 22, CMR]

It is a considerable comfort and undoubtedly a key to our survival that, so far, the main lines of defense against this threat have not depended on explicit policies or organized ¶ efforts. In the long course of evolution, the human body has developed physical barriers and a biochemical immune system whose sophistication and ¶ effectiveness exceed anything we could design or as yet even fully understand. But evolution is a sword that cuts both ways: New diseases¶ emerge, while old diseases mutate and adapt. Throughout history, there have been epidemics during which human immunity has ¶ broken down on an epic scale. An infectious agent believed to have been the plague bacterium killed an estimated 20 million people over a four-year period in the fourteenth ¶ century, including nearly one-quarter of Western Europe's population at the time. Since its recognized appearance in 1981, some 20 variations of the HIVvirus have ¶ infected an estimated 29.4 million worldwide, with 1.5 million people currently dying of aids each year. Malaria, tuberculosis, and ¶ cholera-once thought to be under control-are now making a comeback. As we enter the twenty-first century, changing conditions have enhanced the ¶ potential for widespread contagion. The rapid growth rate of the total world population, the unprecedented freedom of movement across international ¶ borders, and scientific advances that expand the capability for the deliberate manipulation of pathogens are all cause for worry that the problem might be greater in the ¶ future than it has ever been in the past. The threat of infectious pathogens is not just an issue of public health, but a fundamental security ¶ problem for the species as a whole.

#### Investment fund solves the underlying causes of illegal immigration by promoting growth in the Mexican economy – also eliminates border congestion

Hing 13 – Law Prof @ U of San Francisco

Bill Ong, Mexico: Too Big to Fail, 5/6, <http://www.huffingtonpost.com/bill-ong-hing/mexico-too-big-to-fail_b_3203620.html>, CMR

As President Obama visits Mexico to discuss, among other things, U.S. immigration reform, it's too bad that members of Congress who are involved in drafting legislation have left out a key ingredient to addressing undocumented immigration from Mexico: investing in Mexico in order to create jobs and ease the need for migrants to cross the border to seek employment. Apparently, the Obama Administration gets this. Ben Rhodes, an Obama deputy national security adviser, has acknowledged, "If the Mexican economy is growing, it forestalls the need for people to migrate to the United States to find work."¶ The fact that the Congress and the White House are tackling comprehensive immigration reform is good news for the estimated 11 million undocumented immigrants in the United States and their supporters. However, if the package does not include at least the first steps toward helping Mexico improve its economy and infrastructure, undocumented Mexican migration will not be solved permanently.¶ In 1994, we were told that NAFTA would solve the undocumented problem because jobs would be created in Mexico. But NAFTA contributed to huge job losses in Mexico. For example, Mexican corn farmers could not compete with heavily-subsidized U.S. corn farmers, and now Mexico imports most of its corn from the United States. For years, Mexico provided support to rural areas through systems of price supports for producers and reduced prices of agricultural products for consumers, but after NAFTA, Mexico withdrew this support. The United States, however, continued to produce subsidized corn in huge quantities at low prices, undercutting Mexico's corn prices; this subsidized system displaced Mexican workers because corn was a major source of rural income. The wages for low-wage workers have declined, and the rural poverty rate has increased. The idea of NAFTA-created jobs that would reduce pressure to migrate simply has not become a reality.¶ The fact that Mexico has faced job creation challenges under the NAFTA manufacturing model is even more troubling when placed in the context of the worldwide framework. Mexico was the first low-wage country that became a free trade partner with the United States and Canada. However, more and more free-trade agreements are being consummated, and WTO membership is growing. China's acceptance to the WTO created more competition for Mexico's manufacturing exports (especially in apparel and electronics). China is now the largest exporter to the United States, followed by Canada and Mexico. The United States and China are entering into more free-trade agreements with other countries, meaning other low-wage countries are gaining access to U.S. markets. U.S. agreements with Central American countries also mean that countries other than Mexico are using low-wage labor to produce goods headed for the United States.¶ Economic development in Mexico is the key to stopping undocumented migration. An investment fund to invest in roads, telecommunications, and post-secondary education in Mexico must be initiated. A national plan for infrastructure and transportation must be developed. Reducing geographical disparities within Mexico would likely decrease pressures to emigrate, and a first priority should be improving the road system from the U.S. border to the central and southern parts of Mexico. In spite of the growth in trade under NAFTA, significant investment in transportation and infrastructure has not occurred.¶ Although Mexico and the United States have developed the border area and NAFTA has helped to infuse new investment, the border region is burdened. By building up the central part of the country, border congestion could be relieved, and the whole system could be better managed.¶ Focusing on the educational system in Mexico also is key. Mexican students fall near the bottom in cross-country comparisons on basic literacy, math, and science. While the adult education level in the United States is twelve years, in Mexico, the level is about seven years. This low education level has severe implications for economic competitiveness and the standard of living for Mexicans whether they remain in Mexico or migrate to the United States.¶ One thing NAFTA has taught us is that, if we expect employment growth in Mexico to materialize as a result of trade agreements, investments must be targeted. We have to determine how to help Mexico's domestic industries by, for example, using domestic parts and supplies in production exports.¶ The rural parts of Mexico suffered under NAFTA. Subsistence farmers did not receive assistance or time to adjust to the new trade regime. Nothing was done to help protect their incomes as trade conditions changed. Forced to leave agriculture, these rural workers had little help moving into other sectors.¶ In order for any significant effect on Mexican migration to take place, significant investment in new technologies in small and medium-sized industries is necessary. Some of this new investment can be achieved through tax incentives to spur economic growth in the country's interior. Fruit and vegetable production development can absorb some of the rural workers previously displaced. Mexico's public infrastructure should be a major priority.¶ The recent Senate legislation on immigration reform crafted by the bi-partisan Gang of Eight allocates an additional $6.5 billion for border enforcement. The wisdom of huge, additional enforcement dollars targeting individuals who are entering in search of work to feed their families is questionable. Those funds would be spent so much more wisely and effectively on helping Mexico with its economy. The notion of a strong border may sound appealing, but a strong Mexican economy is the real way to reduce economic migration.

### 1AC – North American Integration

#### Advantage\_\_\_: North American Integration

#### North American regional economic strength is vulnerable. A breakdown of cooperation with Mexico would cause the decline of American power.

Clarkson & Mildenberger ‘11 Stephen Clarkson, professor of political economy, University of Toronto, and former fellow, Woodrow Wilson Center Matto Mildenberger, Ph.D. student, Yale School of Forestry and Environmental Studies Dependent America?: How Canada and Mexico Construct Us Power p. 272

The United States’ relationship with Canada and Mexico thus presents a paradox. Does North America Exist? showed that globalization was reducing the salience of North America as an economic entity, whether in the steel sector ‘s global restructuring or in the international consolidation of banking regulations. However, even as North American regionalism falters, the United States’ immediate periphery is becoming a more important partner in sustaining its material power. Constrained by its global partners’ superior growth rates, the United States can still count on the unusually beneficial economic relationship it quietly maintains with its continental periphery. Although it normally ignores its neighbours’ interests when dealing with other countries, its gradual decline no longer affords Washington this luxury without having to pay a price. That price is its two neighbours expanding their strategic gaze from the continent to the world. Canada and Mexico are endeavouring to strengthen their economic links with other countries. Indian capital is already investing in iron-ore extraction in Quebec, while Chinese firms are staking out Alberta’s tar sands. Even with disputes over Newfound land’s seal industry and its visa restrictions on Czech visitors, Canada has busily negotiated a comprehensive economic trade agreement with the European Union. Hosting the G-20 Economic Summit in 2012, Mexico is positioning itself as the champion of emerging economies and the developing world. This economic internationalization could mitigate Canada’s and Mexico’s lopsided dependencies on a US market to which their access has been curtailed since 9/11. Should they succeed in diversifying their economic links by attracting more FDI from overseas and should their extra-regional imports and exports abroad begin to expand more than their intra-regional trade, the United States’ economic perimeter in North America will contract, and their construction of US material strength will ipso facto diminish. The North American periphery has been Uncle Sam’s gold-laying goose for as long as most can remember. It would make an ironic epitaph for the United States’ hegemonic decline if alienating its most valuable and easily cultivated foreign asset accelerated its self-induced fall.

#### The plan will accelerate effective investment in Mexico and provide a foundation for North American integration

Pastor ‘8 – Prof and founding director of the Center for North American Studies

Robert, The Future of North America, July/August, <http://www.american.edu/sis/cnas/upload/ForeignAffairs_Pastor_On_NA_072008.pdf>, CMR

Another challenge is to narrow the gap in income that separates¶ Mexico from its northern neighbors by creating a North American¶ investment fund. The fund should target $20 billion a year to connect¶ central and southern Mexico to the United States with roads, ports,¶ and communications. With the goal of building a North American¶ Community, all three governments should commit to narrowing the¶ income gap, with each deciding how it could best contribute. Since¶ it will beneﬁt the most, Mexico should consider contributing half of¶ the money for the fund and also undertake reforms—ﬁscal, energy,¶ and labor—to ensure that the resources would be effectively used. The¶ United States should contribute each year 40 percent of the fund’s¶ resources—less than half the cost each week of the war in Iraq—and¶ Canada, 10 percent. Since naftawas put into place, the northern part¶ of Mexico has grown ten times as fast as the southern part because it¶ is connected to the Canadian and U.S. markets. North America can¶ wait a hundred years for southern Mexico to catch up, or it can help¶ accelerate its development—which would have positive consequences¶ in terms of reducing emigration, expanding trade, and investing in¶ infrastructure to help Mexico enter the developed world.¶ North America’s model of integration is diªerent from Europe’s.¶ It respects the market more and trusts bureaucracy less. Still, some¶ institutions are needed to develop continental proposals, monitor¶ progress, and enforce compliance. The three leaders should institutionalize summit meetings at least annually, and they should establish a North¶ American commission composed of independent and distinguished¶ leaders from academia, civil society, business, labor, and agriculture¶ and with an independent research capacity. The commission should¶ oªer continental proposals to the three leaders. The leaders would¶ continue to be staffed by their respective governments, but they would¶ respond to a continental, rather than a dual-bilateral, agenda. The¶ commission should develop a North American plan for transportation¶ and infrastructure and plans on labor, agriculture, the environment,¶ energy, immigration, drug tra⁄cking, and borders.¶ The three heads of state must also commit to building a new¶ consciousness, a new way of thinking about one’s neighbors and¶ about the continental agenda. Americans, Canadians, and Mexicans¶ can be nationals and North Americans at the same time. Indeed,¶ an appreciation of one’s neighbors as part of a compelling North¶ American idea could enhance the prestige of each country.To educate¶ a new generation of students to think North American, each country¶ should begin by supporting a dozen centers for North American¶ studies. Each center should educate students, undertake research,¶ and foster exchanges with other North American universities for¶ both students and faculty.¶ This is a formidable agenda that could transform North America¶ and each of its states. It is not possible without a vision, and it is not¶ feasible without real leadership and credible institutions. But with all¶ three, a North American Community can be built. The existence of¶ such a community would mean that the United States would consult¶ its neighbors on important issues that aªected them. It would mean¶ that Canada would work closely with Mexico to build rule-based¶ institutions and to develop a formula for closing the development¶ gap. It would mean that Mexico would undertake reforms to make¶ good use of the additional resources.¶ This is a very diªerent agenda than seeking to improve working¶ conditions and the environment by rewriting nafta and threatening¶ to increase tariªs. Labor and environmental issues should be part of¶ the North American dialogue working to improve the continent, but¶ there is no evidence that foreign investors move to Mexico in order¶ to take advantage of lax labor and environmental rules. Quite the¶ contrary: Mexico’s labor laws are so rigid that they often discourage¶ foreign investors. Moreover, they incorporate the eight core international labor standards, whereas the United States has not approved¶ six of them. As for its environmental laws, Mexico maintains standards that are quite good; the problem is that it lacks funds for enforcement or cleanup.¶ The immigration issue also needs to be addressed in this broader¶ context. A fence is needed in some places, but building a 700-mile¶ wall would be more insulting than eªective. If the United States is¶ going to try to forge a community, it needs to articulate an approach¶ that acknowledges that it is complicit in the immigration problem in¶ hiring illegal immigrants, who work harder for less. More important, if¶ the United States were to join with Mexico in a serious commitment¶ to narrow the income gap, then cooperation over other issues would¶ become possible. The best place to enforce immigration policy is in¶ the workplace, not at the border, but national, biometric identiﬁcation¶ cards will be needed for everyone to make the policy eªective, and a¶ path to legalization will be needed to make it just.

#### Growing a strong US-Mexican relationship is a prerequisite to continued US power projection and supremacy.

Pastor 12   
Robert A. Pastor is professor and director of the Center for North American Studies at American University. Pastor served as National Security Advisor on Latin America during the Carter Administration. “Beyond the Continental Divide” From the July/August 2012 issue of The American Interest http://www.the-american-interest.com/article.cfm?piece=1269

Most Americans think that the largest markets for U.S. exports are China and Japan, and that may explain the Obama Administration’s Asian initiative. But the truth is that Canada and Mexico are the top two markets for U.S. exports. Most Americans also think that Saudi Arabia and Venezuela are the largest sources of our energy imports, but again, Canada and Mexico are more important. And again, we think that most tourists who come and spend money here are European and Asian, but more than half are Canadians and Mexicans. A similar percentage of Americans who travel abroad go to our two neighbors. All in all, no two nations are more important for the U.S. economy than our two closest neighbors. From the perspective of U.S. national security, too, recall for a moment that Mexico and Canada made an historic gamble in signing NAFTA. Already dependent on the behemoth next door and wary of the imbalance of power, both countries feared that NAFTA could make them more vulnerable. Still, they hoped that the United States would be obligated to treat them on an equal and reciprocal basis and that they would prosper from the agreement. Canadians and Mexicans have begun to question whether they made the right choice. There are, of course, a wealth of ways to measure the direct and indirect impact of NAFTA, but political attention, not without justification, tends to focus on violations of the agreement. The U.S. government violated NAFTA by denying Mexican trucks the right to enter the United States for 16 years, relenting in the most timid way, and only after Mexico was permitted by the World Trade Organization to retaliate in October 2011. And for more than a decade, Washington failed to comply with decisions made by a dispute-settlement mechanism regarding imports of soft-wood lumber from Canada. More recently, the United States decided to build a huge wall to keep out Mexicans, and after a three-year process of reviewing the environmental impact of the Keystone XL pipeline from western Canada to the Gulf of Mexico, this past December 2011 President Obama decided to postpone the decision for another year. This is the sort of treatment likely to drive both Canada and Mexico to conclude that depending on the United States was the wrong decision. Imagine for a moment what might happen if Canada and Mexico came to such a conclusion. Canada might divert its energy exports to China, especially if China guaranteed a long-term relationship at a good price. Mexico would diversify with South America and China and might be less inclined to keep America’s rivals, like Iran, at arm’s length. Is there anyone who thinks these developments would not set off national security alarms? A very old truth would quickly reassert itself: The United States can project its power into Asia, Europe and the Middle East in part because it need not worry about its neighbors. A new corollary of that truth would not be far behind: Canada and Mexico are far more important to the national security of the United States than Iraq and Afghanistan. Beyond the economy and national security, our two neighbors have societal ties to the United States that make all other ethnic connections seem lean in comparison. By 2015, there will be about 35 million people in the United States who were either born in Mexico or whose parents were born in Mexico; that number exceeds the total population of Canada. Canadians in the United States don’t stand out as much as do Mexicans, but nearly a million Canadians live in the United States. And more Americans live in Mexico than in any other foreign country. In sum, the economy, national security and society of the United States, Mexico and Canada are far more intertwined than most U.S., Canadian and Mexican citizens realize. Most Americans haven’t worried about Mexico in strategic terms since the days of Pancho Villa, or about Canada since the 1814 Battle of Plattsburgh. That’s unwise. Bad relations with either country, let alone both, would be disastrous. On the other hand, deeper relations could be vastly beneficial. We don’t seem ready to recognize that truth either.

#### This is true for the entire globe – Mexico is a key pillar for U.S. hegemony

Smith 13   
Simon Bolivar Professor of Latin American Studies at University of California in San Diego.[1] He has been president of the Latin American Studies Association since 1989, Ph.D. in Comparative Politics, Latin America from Columbia University “Global Scenarios and Bilateral Priorities” Mexico and the United States : the politics of partnership I Peter H. Smith and Andrew Selee, editors. P. 19-20

A more nuanced interpretation of unipolarity emerges from the recent work of Zbigniew Brzezinski, a widely respected academic and former national security adviser. Despite a visible shift of power from the West toward the East, from the Atlantic to the Pacific, Brzezinski asserts that "America's role in the world will continue to be essential in the years to come. Indeed, the ongoing changes in the distribution of global power and mounting global strife make it all the more imperative that America not retreat into an ignorant garrison-state mentality or wallow in self-righteous cultural hedonism." "America is still peerless," he says, although it must rise to meet a range of challenges. domestic and international. Like Kagan, he concludes that it is a matter of national will: "The key to America's future is thus in the hands of the American people."12 In contrast to Kagan and others, Brzezinski stresses the importance of geographic location as a major asset for the United States. By this he means not only its "splendid isolation" from turbulence on other continents, but also the presence of a "good neighborhood"-marked by peaceful and cooperative relations with Canada and Mexico. Tranquility within the neighborhood thus enables the United States to project and sustain its power in other parts of the world.1.'.I This insight provokes an extended meditation by Brzezinski on US relations with Mexico. With evident concern, he focuses on the likely consequences for Mexico of a serious decline in US power: A waning partnership between America and Mexico could precipitate regional and even international realignments. A reduction in Mexico's democratic values, its economic power, and its political stability coupled with the dangers of drug cartel expansion would limit Mexico's ability to become a regional leader with a productive and positive agenda. This, in the end, could be the ultimate impact of American decline: a weaker. less stable. less economically viable and more anti-American Mexico unable to constructively compete with Brazil for cooperative regional leadership or to help promote stability in Central America. 14 Alternatively, one might have speculated on reverse cause and effect: the impact on the United States of Mexican decline, especially a descent into state failure. Even so, Brzezinski makes a fundamental point: Mexico provides a significant pillar for US power and it therefore deserves concomitant attention from policymakers.

#### Loss of American power projection capacity causes global war.

Brooks, Ikenberry, and Wohlforth ’13 (Stephen, Associate Professor of Government at Dartmouth College, John Ikenberry is the Albert G. Milbank Professor of Politics and International Affairs at Princeton University, William C. Wohlforth is the Daniel Webster Professor in the Department of Government at Dartmouth College “Don’t Come Home America: The Case Against Retrenchment,” International Security, Vol. 37, No. 3 (Winter 2012/13), pp. 7–51)

A core premise of deep engagement is that it prevents the emergence of a far more dangerous global security environment. For one thing, as noted above, the United States’ overseas presence gives it the leverage to restrain partners from taking provocative action. Perhaps more important, its core alliance commitments also deter states with aspirations to regional hegemony from contemplating expansion and make its partners more secure, reducing their incentive to adopt solutions to their security problems that threaten others and thus stoke security dilemmas. The contention that engaged U.S. power dampens the baleful effects of anarchy is consistent with influential variants of realist theory. Indeed, arguably the scariest portrayal of the war-prone world that would emerge absent the “American Pacifier” is provided in the works of John Mearsheimer, who forecasts dangerous multipolar regions replete with security competition, arms races, nuclear proliferation and associated preventive war temptations, regional rivalries, and even runs at regional hegemony and full-scale great power war. 72 How do retrenchment advocates, the bulk of whom are realists, discount this benefit? Their arguments are complicated, but two capture most of the variation: (1) U.S. security guarantees are not necessary to prevent dangerous rivalries and conflict in Eurasia; or (2) prevention of rivalry and conflict in Eurasia is not a U.S. interest. Each response is connected to a different theory or set of theories, which makes sense given that the whole debate hinges on a complex future counterfactual (what would happen to Eurasia’s security setting if the United States truly disengaged?). Although a certain answer is impossible, each of these responses is nonetheless a weaker argument for retrenchment than advocates acknowledge. The first response flows from defensive realism as well as other international relations theories that discount the conflict-generating potential of anarchy under contemporary conditions. 73 Defensive realists maintain that the high expected costs of territorial conquest, defense dominance, and an array of policies and practices that can be used credibly to signal benign intent, mean that Eurasia’s major states could manage regional multipolarity peacefully without the American pacifier. Retrenchment would be a bet on this scholarship, particularly in regions where the kinds of stabilizers that nonrealist theories point to—such as democratic governance or dense institutional linkages—are either absent or weakly present. There are three other major bodies of scholarship, however, that might give decisionmakers pause before making this bet. First is regional expertise. Needless to say, there is no consensus on the net security effects of U.S. withdrawal. Regarding each region, there are optimists and pessimists. Few experts expect a return of intense great power competition in a post-American Europe, but many doubt European governments will pay the political costs of increased EU defense cooperation and the budgetary costs of increasing military outlays. 74 The result might be a Europe that is incapable of securing itself from various threats that could be destabilizing within the region and beyond (e.g., a regional conflict akin to the 1990s Balkan wars), lacks capacity for global security missions in which U.S. leaders might want European participation, and is vulnerable to the influence of outside rising powers. What about the other parts of Eurasia where the United States has a substantial military presence? Regarding the Middle East, the balance begins to swing toward pessimists concerned that states currently backed by Washington— notably Israel, Egypt, and Saudi Arabia—might take actions upon U.S. retrenchment that would intensify security dilemmas. And concerning East Asia, pessimism regarding the region’s prospects without the American pacifier is pronounced. Arguably the principal concern expressed by area experts is that Japan and South Korea are likely to obtain a nuclear capacity and increase their military commitments, which could stoke a destabilizing reaction from China. It is notable that during the Cold War, both South Korea and Taiwan moved to obtain a nuclear weapons capacity and were only constrained from doing so by a still-engaged United States. 75 The second body of scholarship casting doubt on the bet on defensive realism’s sanguine portrayal is all of the research that undermines its conception of state preferences. Defensive realism’s optimism about what would happen if the United States retrenched is very much dependent on its particular—and highly restrictive—assumption about state preferences; once we relax this assumption, then much of its basis for optimism vanishes. Specifically, the prediction of post-American tranquility throughout Eurasia rests on the assumption that security is the only relevant state preference, with security defined narrowly in terms of protection from violent external attacks on the homeland. Under that assumption, the security problem is largely solved as soon as offense and defense are clearly distinguishable, and offense is extremely expensive relative to defense. Burgeoning research across the social and other sciences, however, undermines that core assumption: states have preferences not only for security but also for prestige, status, and other aims, and they engage in trade-offs among the various objectives. 76 In addition, they define security not just in terms of territorial protection but in view of many and varied milieu goals. It follows that even states that are relatively secure may nevertheless engage in highly competitive behavior. Empirical studies show that this is indeed sometimes the case. 77 In sum, a bet on a benign postretrenchment Eurasia is a bet that leaders of major countries will never allow these nonsecurity preferences to influence their strategic choices. To the degree that these bodies of scholarly knowledge have predictive leverage, U.S. retrenchment would result in a significant deterioration in the security environment in at least some of the world’s key regions. We have already mentioned the third, even more alarming body of scholarship. Offensive realism predicts that the withdrawal of the American pacifier will yield either a competitive regional multipolarity complete with associated insecurity, arms racing, crisis instability, nuclear proliferation, and the like, or bids for regional hegemony, which may be beyond the capacity of local great powers to contain (and which in any case would generate intensely competitive behavior, possibly including regional great power war). Hence it is unsurprising that retrenchment advocates are prone to focus on the second argument noted above: that avoiding wars and security dilemmas in the world’s core regions is not a U.S. national interest. Few doubt that the United States could survive the return of insecurity and conflict among Eurasian powers, but at what cost? Much of the work in this area has focused on the economic externalities of a renewed threat of insecurity and war, which we discuss below. Focusing on the pure security ramifications, there are two main reasons why decisionmakers may be rationally reluctant to run the retrenchment experiment. First, overall higher levels of conflict make the world a more dangerous place. Were Eurasia to return to higher levels of interstate military competition, one would see overall higher levels of military spending and innovation and a higher likelihood of competitive regional proxy wars and arming of client states—all of which would be concerning, in part because it would promote a faster diffusion of military power away from the United States. Greater regional insecurity could well feed proliferation cascades, as states such as Egypt, Japan, South Korea, Taiwan, and Saudi Arabia all might choose to create nuclear forces. 78 It is unlikely that proliferation decisions by any of these actors would be the end of the game: they would likely generate pressure locally for more proliferation. Following Kenneth Waltz, many retrenchment advocates are proliferation optimists, assuming that nuclear deterrence solves the security problem. 79 Usually carried out in dyadic terms, the debate over the stability of proliferation changes as the numbers go up. Proliferation optimism rests on assumptions of rationality and narrow security preferences. In social science, however, such assumptions are inevitably probabilistic. Optimists assume that most states are led by rational leaders, most will overcome organizational problems and resist the temptation to preempt before feared neighbors nuclearize, and most pursue only security and are risk averse. Confidence in such probabilistic assumptions declines if the world were to move from nine to twenty, thirty, or forty nuclear states. In addition, many of the other dangers noted by analysts who are concerned about the destabilizing effects of nuclear proliferation—including the risk of accidents and the prospects that some new nuclear powers will not have truly survivable forces—seem prone to go up as the number of nuclear powers grows. 80 Moreover, the risk of “unforeseen crisis dynamics” that could spin out of control is also higher as the number of nuclear powers increases. Finally, add to these concerns the enhanced danger of nuclear leakage, and a world with overall higher levels of security competition becomes yet more worrisome. The argument that maintaining Eurasian peace is not a U.S. interest faces a second problem. On widely accepted realist assumptions, acknowledging that U.S. engagement preserves peace dramatically narrows the difference between retrenchment and deep engagement. For many supporters of retrenchment, the optimal strategy for a power such as the United States, which has attained regional hegemony and is separated from other great powers by oceans, is offshore balancing: stay over the horizon and “pass the buck” to local powers to do the dangerous work of counterbalancing any local rising power. The United States should commit to onshore balancing only when local balancing is likely to fail and a great power appears to be a credible contender for regional hegemony, as in the cases of Germany, Japan, and the Soviet Union in the midtwentieth century. The problem is that China’s rise puts the possibility of its attaining regional hegemony on the table, at least in the medium to long term. As Mearsheimer notes, “The United States will have to play a key role in countering China, because its Asian neighbors are not strong enough to do it by themselves.” 81 Therefore, unless China’s rise stalls, “the United States is likely to act toward China similar to the way it behaved toward the Soviet Union during the Cold War.” 82 It follows that the United States should take no action that would compromise its capacity to move to onshore balancing in the future. It will need to maintain key alliance relationships in Asia as well as the formidably expensive military capacity to intervene there. The implication is to get out of Iraq and Afghanistan, reduce the presence in Europe, and pivot to Asia— just what the United States is doing. 83 In sum, the argument that U.S. security commitments are unnecessary for peace is countered by a lot of scholarship, including highly influential realist scholarship. In addition, the argument that Eurasian peace is unnecessary for U.S. security is weakened by the potential for a large number of nasty security consequences as well as the need to retain a latent onshore balancing capacity that dramatically reduces the savings retrenchment might bring. Moreover, switching between offshore and onshore balancing could well be difªcult. Bringing together the thrust of many of the arguments discussed so far underlines the degree to which the case for retrenchment misses the underlying logic of the deep engagement strategy. By supplying reassurance, deterrence, and active management, the United States lowers security competition in the world’s key regions, thereby preventing the emergence of a hothouse atmosphere for growing new military capabilities. Alliance ties dissuade partners from ramping up and also provide leverage to prevent military transfers to potential rivals. On top of all this, the United States’ formidable military machine may deter entry by potential rivals. Current great power military expenditures as a percentage of GDP are at historical lows, and thus far other major powers have shied away from seeking to match top-end U.S. military capabilities. In addition, they have so far been careful to avoid attracting the “focused enmity” of the United States. 84 All of the world’s most modern militaries are U.S. allies (America’s alliance system of more than sixty countries now accounts for some 80 percent of global military spending), and the gap between the U.S. military capability and that of potential rivals is by many measures growing rather than shrinking. 85

#### AND, statistics prove – Collapse of US leadership causes great power war and extinction

Barnett 11 (Thomas P.M., Former Senior Strategic Researcher and Professor in the Warfare Analysis & Research Department, Center for Naval Warfare Studies, U.S. Naval War College American military geostrategist and Chief Analyst at Wikistrat., worked as the Assistant for Strategic Futures in the Office of Force Transformation in the Department of Defense, “The New Rules: Leadership Fatigue Puts U.S., and Globalization, at Crossroads,” March 7, CMR)

Events in Libya are a further reminder forAmericans that we stand at a crossroads in our continuing evolution as the world's sole full-service superpower. Unfortunately, we are increasingly seeking change without cost, and shirking from risk because we are tired of the responsibility. We don't know who we are anymore, and our president is a big part of that problem. Instead of leading us, he explains to us. Barack Obama would have us believe that he is practicing strategic patience. But many experts and ordinary citizens alike have concluded that he is actually beset by strategic incoherence -- in effect, a man overmatched by the job. It is worth first examining the larger picture: We live in a time of arguably the greatest structural change in the global order yet endured, with this historical moment's most amazing feature being its relative and absolute lack of mass violence. That is something to consider when Americans contemplate military intervention in Libya, because if we do take the step to prevent larger-scale killing by engaging in some killing of our own, we will not be adding to some fantastically imagined global death count stemming from the ongoing "megalomania" and "evil" of American "empire." We'll be engaging in the same sort of system-administering activity that has marked our stunningly successful stewardship of global order since World War II. Let me be more blunt: **As the guardian of globalization**, **the U.S. military has been the** greatest force for peace the world has ever known. **Had America been removed from the global dynamics that governed the 20th century**, the **mass murder never would have ended**. Indeed, it's entirely conceivable **there would now be** no identifiable human civilization left**, once** nuclear weapons **entered the killing equation.**  But **the world did not keep sliding down that path of perpetual war**. **Instead, America stepped up and changed everything by ushering in our now-**perpetual great-power peace. **We introduced the international liberal trade order known as** globalization and played loyal Leviathan over its spread. **What resulted was the collapse of empires,** an explosion of democracy, the persistent spread of human rights, the liberation of women, the doubling of life expectancy, a roughly 10-fold increase in adjusted global GDP **and a profound and persistent reduction in battle deaths from** state-based conflicts. That is what American "hubris" actually delivered. Please remember that the next time some TV pundit sells you the image of "unbridled" American military power as the cause of global disorder instead of its cure. With self-deprecation bordering on self-loathing, we now imagine a post-American world that is anything but. Just watch who scatters and who steps up as the Facebook revolutions erupt across the Arab world. While we might imagine ourselves the status quo power, we remain the world's most vigorously revisionist force. As for the sheer "evil" that is our military-industrial complex, again, let's examine what the world looked like before that establishment reared its ugly head. The last great period of global structural change was the first half of the 20th century, a period that saw a death toll of about 100 million across two world wars. That comes to an average of 2 million deaths a year in a world of approximately 2 billion souls. Today, with far more comprehensive worldwide reporting, researchers report an average of less than 100,000 battle deaths annually in a world fast approaching 7 billion people. Though admittedly crude, these **calculations suggest a 90 percent absolute drop and a** 99 percent **relative** drop in deaths due to war. We are clearly headed for a world order characterized by multipolarity, something the American-birthed system was designed to both encourage and accommodate. But given how things turned out the last time we collectively faced such a fluid structure, **we would do well to keep U.S. power, in all of its forms**, deeply embedded in the geometry to come. To continue the historical survey, after salvaging Western Europe from its half-century of civil war, the U.S. emerged as the progenitor of a new, far more just form of globalization -- one based on actual free trade rather than colonialism. America then successfully replicated globalization further in East Asia over the second half of the 20th century, setting the stage for the Pacific Century now unfolding.

#### North American integration key to solve democracy, disease, and the environment

Céspedes ‘8 – Diplomat in Residence, School of International Service and Senior Fellow,Center for North American Studies

Ernesto, North America, Security, and the Next US¶ National Security Strategy:¶ A Reflection, April 29, <http://www.american.edu/sis/cnas/upload/0804Cespedes_Reflection.pdf>, CMR

Under the topic “Working with others in defusing regional conflicts”, Mexico and¶ Canada, along with Brazil, Chile, and Colombia, were mentioned as part of a group of¶ countries with which the US had “…formed flexible coalitions… Together we will¶ promote a truly democratic hemisphere where our integration advances security,¶ prosperity, opportunity, and hope.”¶ 19¶ Not even bilateral cooperation with Mexico against drug trafficking was in the minds of¶ the post-9/11 security strategists: “Parts of Latin America confront regional conflict,¶ especially arising from the violence of drug cartels and their accomplices. This conflict¶ and unrestrained narcoticstrafficking could imperil the health and security of the United¶ States. Therefore we have developed an active strategy to help the Andean nations adjust¶ their economies, enforce their laws, defeat terrorist organizations, and cut off the supply¶ of drugs, while—as important—we work to reduce the demand for drugs in our own ¶ country.”¶ 20¶ An expanded and updated version of the NSS, published in March of 2006, restored¶ modest mentions of Canada and Mexico. The first one was implicit, not obviously¶ referring to North American countries exclusively, but certainly using reconciliatory¶ language: “America’s relations with other nations have been strong enough to withstand ¶ differences and candid exchanges of views… Some of our oldest and closest friends¶ disagreed with U.S. policy in Iraq. There are ongoing and serious debates with our allies¶ about how best to addressthe unique and evolving nature ofthe global terrorist threat.”¶ 21¶ As part of the regional sections of the 2006 NSS, the already well-established bilateral¶ and trilateral cooperative efforts with Mexico and Canada, especially through the¶ Security and Prosperity Partnership for North America, were modestly reflected: “…Our¶ strategy for the Hemisphere begins with deepening key relationships with Canada and¶ Mexico, a foundation of shared values and cooperative policies that can be extended¶ throughout the region. We must continue to work with our neighbors in the Hemisphere¶ to reduce illegal immigration and promote expanded economic opportunity for¶ marginalized populations.”¶ 22¶ The 2006 NSS reflects also –and only-- as “challenges of globalization” issues like¶ “Public health challengeslike pandemics(HIV/AIDS, avian influenza) that recognize no¶ borders…illicit trade, whether in drugs, human beings, or sex, that exploits the modern¶ era’s greater ease of transport and exchange…Environmental destruction, whether caused¶ by human behavior or cataclysmic mega-disasters such as floods, hurricanes,¶ earthquakes, or tsunamis…These challenges are not traditional national security¶ concerns, such as the conflict of arms or ideologies. But if left unaddressed they can ¶ threaten national security.”¶ It is very indicative that these “global challenges,” whose importance as threats is far¶ lower than terrorism-based US security concerns, are high up on the list of security¶ threats of Canada and, especially, Mexico. In fact, they are threats to a¶ “multidimensional” concept of hemispheric security, promoted by Mexico, and formally ¶ adopted by the OAS membership in Mexico City in October 2003. At the time, the US¶ reluctantly joined the consensus on a text where defense issues and terrorism shared the¶ spectrum of security threats with the “non traditional” issues mentioned above.¶ 23¶ Not¶ surprisingly, all of those issues are either directly or tangentially addressed by the¶ trilateral agendas of the Security and Prosperity Partnership for North America from 2005¶ and on.

#### Democracy solves extinction

Diamond, prof of pol sci, 95—prof of political science and sociology, Stanford. Senior research fellow at Hoover. (Larry, Promoting Democracy in the 1990s, http://wwwics.si.edu/subsites/ccpdc/pubs/di/1.html)

Nuclear, chemical, and biological weapons continue to proliferate. The very source of life on Earth, the global ecosystem, appears increasingly endangered. Most of these new and unconventional threats to security are associated with or aggravated by the weakness or absence of democracy, with its provisions for legality, accountability, popular sovereignty, and openness. LESSONS OF THE TWENTIETH CENTURY The experience of this century offers important lessons. Countries that ­govern themselves in a truly democratic fashion do not go to war with one another. They do not aggress against their neighbors to aggrandize themselves or glorify their leaders. Democratic governments do not ethnically "cleanse" their own populations, and they are much less likely to face ethnic insurgency. Democracies do not sponsor terrorism against one another. They do not build weapons of mass destruction to use on or to threaten one another. Democratic countries form more reliable, open, and enduring trading partnerships. In the long run they offer better and more stable climates for investment. They are more environmentally responsible because they must answer to their own citizens, who organize to protest the destruction of their environments.

#### Pandemic disease causes extinction

**Yu 9—**Dartmouth Undergraduate Journal of Science (Victoria, Human Extinction: The Uncertainty of Our Fate, 22 May 2009, http://dujs.dartmouth.edu/spring-2009/human-extinction-the-uncertainty-of-our-fate, AMiles)

A pandemic will kill off all humans. In the past, humans have indeed fallen victim to viruses. Perhaps the best-known case was the bubonic plague that killed up to one third of the European population in the mid-14th century (7). While vaccines have been developed for the plague and some other infectious diseases, new viral strains are constantly emerging — a process that maintains the possibility of a pandemic-facilitated human extinction. Some surveyed students mentioned AIDS as a potential pandemic-causing virus. It is true that scientists have been unable thus far to find a sustainable cure for AIDS, mainly due to HIV’s rapid and constant evolution. Specifically, two factors account for the virus’s abnormally high mutation rate: 1. HIV’s use of reverse transcriptase, which does not have a proof-reading mechanism, and 2. the lack of an error-correction mechanism in HIV DNA polymerase (8). Luckily, though, there are certain characteristics of HIV that make it a poor candidate for a large-scale global infection: HIV can lie dormant in the human body for years without manifesting itself, and AIDS itself does not kill directly, but rather through the weakening of the immune system. However, for more easily transmitted viruses such as influenza, the evolution of new strains could prove far more consequential. The simultaneous occurrence of antigenic drift (point mutations that lead to new strains) and antigenic shift (the inter-species transfer of disease) in the influenza virus could produce a new version of influenza for which scientists may not immediately find a cure. Since influenza can spread quickly, this lag time could potentially lead to a “global influenza pandemic,” according to the Centers for Disease Control and Prevention (9). The most recent scare of this variety came in 1918 when bird flu managed to kill over 50 million people around the world in what is sometimes referred to as the Spanish flu pandemic. Perhaps even more frightening is the fact that only 25 mutations were required to convert the original viral strain — which could only infect birds — into a human-viable strain (10).

#### Environmental collapse causes extinction

CASBRC 1 (California Academy of Sciences Biodiversity Resource Center, “Threats To Biodiversity”, http://researcharchive.calacademy.org/research/library/biodiv/biodiversity\_defined.html)

Currently, more than 10,000 species become extinct each year and while precise calculation is difficult, it is certain that this rate has increased alarmingly in recent years. The central cause of species extinction is destruction of natural habitats by human beings. Human survival itself may depend upon reversing this accelerating threat to species diversity. Among the millions of undescribed species are important new sources of food, medicine and other products. When a species vanishes, we lose access to the survival strategies encoded in its genes through millions of years of evolution. We lose the opportunity to understand those strategies which may hold absolutely essential options for our own future survival as a species. And we lose not only this unique evolutionary experience, but emotionally, we lose the unique beauty, and the unique spirit, which mankind has associated with that life form. Many indigenous human cultures have also been driven to extinction by the same forces which have destroyed and continue to threaten non-human species. It is estimated that since 1900 more than 90 tribes of aboriginal peoples have gone extinct in the Amazon Basin. Nearly every habitat on earth is at risk: the rainforests and coral reefs of the tropics, the salt marshes and estuaries of our coastal regions, the tundra of the circumpolar north, the deserts of Asia and Australia, the temperate forests of North America and Europe, the savannahs of Africa and South America. Tropical rainforests, for example, are among the most diverse of all terrestrial ecosystems. Covering only 7% of the planet's surface, these forests comprise 50-80% of the world's species. 40 million to 50 million acres of tropical forest vanish each year -- about 1.5 acres per second -- as trees are cut for lumber or land is cleared for agriculture or other development. It is estimated that perhaps a quarter of the Earth's total biological diversity is threatened with extinction within 20 to 30 years. The Academy's Commitment The California Academy of Sciences is a leader among the world's institutions for research in evolutionary biology. Staff researchers study biodiversity worldwide, describing more than 100 new species every year. Current projects include work in La Amistad Biosphere Reserve, Costa Rica; the Impenetrable Forest, Uganda; the coral reefs of New Guinea and Madagascar; the deserts of southwestern Asia; and Socorro Island off the west coast of Mexico. Approximately 1.4 million species of plants and animals have been described by scientists. Conservative estimates suggest that at least 5 million remain to be identified -- the vast majority of them in the tropics. Fewer than 1,500 biologists worldwide are now qualified to identify tropical species. If ever there was an urgent requirement for this expertise, it is now, in this time of rapid environmental erosion.

### 1AC – Energy

#### Advantage\_\_\_: Energy

North American energy sector is at a turning point – increased investment in Mexico’s energy sector is critical to reduce power of US adversaries

Keppel 13

Stephen, “U.S., Mexico and Canada Could Become Energy Independent”, April 17, <http://abcnews.go.com/ABC_Univision/us-mexico-canada-verge-energy-independence/story?id=18942259#.UdSsLvm1FiK>, CMR

Just seven years after President George W. Bush lamented the United States' addiction to foreign oil, we are on the verge of energy independence. The United States and Canada are in the midst of a boom in oil and gas production at the same time that U.S. fuel consumption is falling. The result is turning energy markets on their heads.¶ Add to that the potential for energy reform in Mexico, which many believe would unleash a surge in exploration and production, and North America is positioned to become a global energy powerhouse.¶ U.S. oil production is at its highest level in 20 years, while its oil demand is at a 17-year low. According to a recent Citigroup report, in just five years the U.S. may no longer need to import oil from any source but Canada.¶ Driving the North American oil boom are technological innovation and increased investment. New production techniques like horizontal drilling and hydraulic fracturing, or "fracking", have allowed producers to extract oil and gas from rock formations that were previously thought to be impenetrable. Oil and gas production has jumped in states like North Dakota, Ohio and Pennsylvania, which together are producing 1.5 million barrels of oil a day. That total rivals the output of major producers like Venezuela, which is currently exporting around 1.6 million barrels per day.¶ What would North American energy independence actually mean?¶ In the most basic terms, the U.S. would no longer have to rely on importing oil from countries that are hostile to its interests. Continued increases in production would also decrease global prices which would reduce the power of the Organization of the Petroleum Exporting Countries (OPEC), which includes top producers like Saudi Arabia, Iran and Venezuela.¶ According to Ed Morse, Citigroup's Head of Commodities Research, the average price of a barrel of oil could drop to the $70-$90 range (prices are currently around $95 per barrel, down from $112 per barrel in 2012).¶ The U.S. economy would be a clear winner. The boom has already resulted in lower natural gas prices, boosting U.S. industry and helping the economy rebound from the Great Recession. The reduced cost of oil would also benefit the non-oil producers in Central America and the Caribbean.¶ Mexico, meanwhile, is in a more precarious position. If it is able to better integrate itself in the U.S.-Canadian energy market and open up its state-run oil industry, it could reap the benefits of lower prices and increased investment. There are a lot of wells on the Mexican side of the Gulf of Mexico that are just waiting to be tapped.¶ On the other hand, Mexican oil exports to the U.S. are declining thanks to the increased U.S. production, and without significant investment in production and infrastructure such as pipelines, it will fail to capitalize on the U.S.-Canada boom.

#### Increased investment in Mexico’s energy sector key to unlocking oil and gas reserves

Manley et al. 5 – Senior Counsel at McCarthy Te´trault LLP

John M, “Building a North American Community”, online, CMR

Develop a North American Resource Strategy¶ All three North American countries produce substantial amounts of¶ energy, but the region as a whole is a net importer of energy. Washington’s¶ two neighbors are its biggest suppliers of energy. The production¶ of oil and natural gas on the continent is not keeping up with the¶ growth in demand.¶ Although North American production of oil and gas has been¶ declining, both Canada and Mexico have the potential to develop¶ growing supplies both for their own direct use and for export. These¶ two countries, however, have distinct approaches to the development¶ of energy and other natural resources that must be taken into account¶ in the process of mapping the best path forward for North America.¶ Canada is committed to efficient energy markets, open investment,¶ and free trade in this sector. Canada’s vast oilsands, once a high-cost¶ experimental means of extracting oil, now provide a viable new source¶ of energy that is attracting a steady stream of multibillion dollar investments¶ and interest from countries such as China, and they have catapulted¶ Canada into second place in the world in terms of proved oil¶ reserves. Production from oilsands fields is projected to reach 2 million¶ barrels per day by 2010. The most serious constraints on additional¶ growth are the limited supply of skilled people and the shortage of¶ infrastructure, including housing, transportation links, and pipeline¶ capacity. Another constraint is regulatory approval processes that can¶ slow down both resource and infrastructure development significantly.¶ Mexico is also a major energy supplier and customer within North¶ America. In 2004, it was the second-largest exporter of oil to the United¶ States; in previous years, it was consistently among the top four suppliers.¶ Mexico relies for a significant share of its revenues on the state oil¶ producer (Pemex). It has major oil and gas reserves, but these are¶ relatively untapped. Development has been hampered by constitutional¶ restrictions on ownership, which are driven by an understandable desire¶ to see this strategic asset used for the benefit ofMexicans. This restriction¶ on investment, coupled with the inefficient management of the state¶ monopoly, Pemex, has contributed to low productivity. As a result,¶ Mexico has expensive and unreliable supplies of energy for its consumers¶ and industries. Mexico has begun to bring in some foreign capital¶ through multiple service contracts, but the most serious constraints on¶ its future growth as an energy supplier are the restrictions that impede¶ development of its own energy resources and the low productivity of¶ Pemex. Reforms in this area are needed urgently.¶ Although energy security represents perhaps the most critical challenge,¶ it is important to recognize that trade in other natural resources,¶ including metals, minerals, wood, and other products, is also central¶ to the growth and economic security of North America. In these other¶ resource sectors, NAFTA has not succeeded in ensuring a free flow of¶ goods. Resource and agricultural products such as softwood lumber,¶ fish, beef, wheat, and sugar have been the flashpoints for highly visible¶ trade disputes. The softwood lumber case has led some Canadians to¶ question whether the United States will comply with NAFTA if decisions¶ by the dispute-settlement mechanism run counter to private¶ American interests.TheUnited States andMexico have failed tocomply¶ with free trade provisions on movement of trucks for more than a¶ decade, and the failure to resolve the softwood lumber case between¶ Canada and the United States has plagued their trade relations for¶ the past quarter century. Changing some trade rules and the disputesettlement¶ process may reduce this friction, as would a determined effort¶ to reduce unnecessary regulatory differences within North America.¶ NorthAmerica is blessed with an abundant resource base. Exploiting¶ these resources on a long-term, sustainable basis requires that the three¶ governments work together to resolve issues and ensure responsible¶ use of scarce resources and the free flow of both resources and capital¶ across all three borders. As noted, the most troubled areas of crossborder¶ trade over the past twenty years have been in resource trade,¶ largely because of the impact of regulatory differences, including different¶ approaches to resource pricing and income protection. Efforts to¶ eliminate these problems on the basis of dispute-settlementmechanisms¶ have not worked as well as anticipated.¶ WHAT WE SHOULD DO NOW¶ • Develop a NorthAmerican energy strategy. Recognizing their¶ individual policies and priorities, the three governments need to¶ work together to ensure energy security for people in all three¶ countries. Issues to be addressed include the expansion and protection¶ of theNorthAmerican energy infrastructure; development opportunities¶ and regulatory barriers; and the technological andhuman capital¶ constraints on accelerated development of energy resources within¶ North America. These objectives form part of the agenda of the¶ North American Energy Working Group established in 2001 by¶ the leaders of the three countries and emphasized in their 2005¶ summit meeting. This initiative, however, has so far made only¶ modest progress toward developing a North American strategy, and¶ it does not cover oil.¶ • Fully develop Mexican energy resources. Although the inclination¶ of Mexico to retain full ownership of its strategic resources is¶ understandable, expanded and more efficient development of these¶ resources is needed to accelerate Mexico’s economic growth. Mexico¶ is quickly losing ground in its energy independence, and the only¶ way to satisfy growing demands within Mexico is to find ways to¶ unlock its energy sector. Progress can be made even under the¶ existing constitutional constraints. As discussed above, Canada and¶ the United States could make important contributions in this effort¶ through the development of creative mechanisms, especially financial,¶ that bring needed technology and capital to Mexico. The most¶ important steps, however, must be taken in Mexico by Mexicans.

#### Independently, the plan encourages internal reform in Mexico’s energy sector

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

(5) A Community and Conditionality. Of the $20 billion each year for the North ¶ American Investment Fund, Canada and the United States should pay half, with the ¶ U.S.—with about nine times the economy of Canada—accounting for 90 percent of that. ¶ Mexico should contribute the other $10 billion. The United States and Canada are ¶ unlikely to contribute funds unless both countries felt that it would be used wisely and ¶ that Mexico would undertake serious long-term reforms. Mexico understands that it ¶ needs to undertake fundamental reforms in sensitive sectors such as energy, taxes, ¶ pensions, electricity, and the judicial system but the political system has been stalemated. ¶ If its partners were to define, together, a community of three nations in which each would ¶ contribute to that future, then that might alter the political balance in a way that would ¶ make both the reforms and the Fund possible. Absent those changes, the U.S. and ¶ Canada might very well conclude that their funds would not be put to good use and ¶ would not want to contribute. Spain and Ireland understood the need for reforms but they ¶ could only implement them with the support of the EU.

#### This framework will shield the US from vulnerability of foreign sources

Gjelten 12 (Tom, “Energy Independence For U.S.? Try Energy Security”, 10/25, <http://www.npr.org/2012/10/25/163573768/energy-independence-for-u-s-try-energy-security>, CMR)

Gone from this year's presidential campaign are most mentions of climate change, environmental pollution, or green jobs. Former Gov. Mitt Romney, the GOP presidential nominee, prefers to call attention instead to the country's continuing dependence on foreign energy sources.¶ "I will set a national goal of North American energy independence by the year 2020," Romney declared in August.¶ The line is now a standard part of Romney's stump speech, and he repeated it in his first two debates with President Obama.¶ With that promise, Romney joins a long line of U.S. leaders who have preached the virtues of energy independence. Few, however, have explained precisely what this goal means.¶ A Global Market¶ In truth, it would be virtually impossible for any country to be totally independent where energy is concerned. Not only would it have to produce all its own oil; it would also have to be independent of the global economy.¶ Energy¶ Could U.S. Produce Enough Oil To Rival Saudi Arabia?¶ Like sugar, wheat, gold and other commodities, oil is also bought and sold on a global market. All the oil produced in the world becomes part of the global oil supply; all the oil used comes out of that supply. The global oil price depends on the supply/demand relation, and the price is essentially the same for all countries.¶ Energy analyst Amy Jaffe likens players in the global oil market to swimmers in a swimming pool.¶ "If you're in the deep end or the shallow end and somebody takes water out of the pool, it affects both swimmers equally," Jaffe says. "[It's the] same thing if we start pouring water in. You're not pouring the water into just the deep end or just the shallow end."¶ With oil, all countries are affected when the total supply is down relative to demand; the price goes up. When the supply is boosted and there is plenty of oil for everyone, the global price goes down.¶ With respect to price, therefore, there is no such thing as energy independence. Even if the U.S. were producing as much oil as it was consuming, a halt in production by Iran or Saudi Arabia would still drive up the oil price in the U.S.¶ Energy Security¶ But there is another way to think about energy independence. If a country produces as much oil as it uses, it is less vulnerable to some foreign country shutting the tap. Jaffe, executive director of energy and sustainability at the University of California, Davis, says this is the big reason governments want to reduce their dependence on foreign oil producers.¶ "If someone is going to cut off your supply, because they don't like your foreign policy or they want to keep you from attacking a country, this is a dangerous thing," Jaffe says.¶ But is "energy independence" the proper term to describe the national goal?¶ "I prefer the term 'energy security,' " says Roger Altman, who served as deputy Treasury secretary under President Clinton.¶ "What that means," Altman says, "is, 'Let's get to the point where the amount we import from rogue or potentially rogue nations who might be hostile to us is down to a point where, if suddenly that supply was interrupted or shut off, we go right on.' "¶ The U.S. learned the importance of "energy security" in 1973, when Arab countries imposed an oil boycott on the United States to protest its military support for Israel in its war against Egypt and Syria. Americans were soon waiting in long lines at gas stations.¶ In response to the Arab oil boycott, President Nixon set a new national goal in his 1974 State of the Union speech.¶ "At the end of this decade, in the year 1980," Nixon proposed, "the United States will not be dependent on any other country for the energy we need to provide our jobs, to heat our homes and to keep our transportation moving."¶ A Glimmer Of Hope¶ The fact that we are still talking about this goal nearly 40 years later shows how hard it is to achieve. But there is reason now to believe that energy security may finally be within reach. Energy production in the U.S. is booming, thanks in large part to new techniques for extracting oil and gas from hard-to-reach deposits.¶ According to the latest estimates from the U.S. government's Energy Information Administration, U.S. production of oil and other liquid petroleum products could soon overtake production from Saudi Arabia, the world's No. 1 oil producer. Oil imports, meanwhile, are declining.¶ U.S. energy demand remains high, however, and it is likely to be years before the United States has an energy supply entirely its own.¶ Even in that case, however, the U.S. could significantly boost its energy security, because new production throughout the Western Hemisphere would leave the country less vulnerable to a shutoff from the Middle East or elsewhere.¶ "It doesn't mean we would never import another barrel of oil outside the Western Hemisphere," says Altman, who is now the chairman of Evercore Partners, an investment banking firm. "What it means is that most of our oil imports would come from Canada, Mexico, Brazil and so forth, and whatever happened in the Middle East would have no severe downside for our economic stability."¶ This is progress. It's hard to imagine how a conflict with Brazil or Mexico, much less with Canada, could jeopardize the U.S. energy supply.

#### The impact is great power wars

CNA, a non-profit political policy research group, “Ensuring America’s Freedom of Movement: A National Security Imperative to Reduce U.S. Oil Dependence”, October 2011, <http://www.cna.org/sites/default/files/MAB4.pdf>, DZ.

Discussions of energy are discussions of national security.¶ One directly affects the other. Our previous reports¶ have made clear the deep connections between¶ energy, the economy, climate change and security. As¶ we narrow in on one aspect of our energy posture—¶ our heavy reliance on oil, especially imported oil—the¶ connections among these issues are again painfully¶ obvious. Immediate and aggressives action to move¶ our transportation sector away from oil and toward¶ alternative, domestically produced sources of energy¶ are needed to improve our national security posture.¶ The consequences of inaction, or even delayed action,¶ are grave.¶ We view this issue with a sense of genuine urgency¶ and find the time to act is now. We focus the efforts¶ of our study on a ten-year time frame—less time than¶ one might expect, given the scale of energy infrastructure¶ investments the transition demands—because it¶ is a window within which one can reasonably predict¶ the pace of technology changes. We also chose it because¶ we believe that, with respect to our energy posture,¶ America does not have the luxury of time. To¶ the contrary, we find that American leadership is at a¶ perilous point. We note that while many of our allies¶ are looking inward, distracted by their own domestic¶ challenges, the worldwide demand for oil is increasing¶ at an alarming rate. Within ten years, China, India¶ and other developing nations’ growing demand for oil¶ will undoubtedly change the oil market. Our military¶ experience tells us that transitional moments such as¶ these are important, and they come and go quickly.¶ When the moment is ripe, nations must act or, all too¶ often, be prepared to fight their way out of the consequences¶ of inaction.¶ Americans, with good reason, are concerned about the¶ current domestic economic crisis. But that crisis must¶ not divert Americans from moving away from our¶ reliance on oil. In fact, moving away from oil could¶ contribute to restoring our economic strength. The¶ opportunity to show global leadership on energy issues¶ exists now. This is our moment, and we must act.

#### AND, Oil dependence makes aggressive warfare inevitable – reduction of dependency encourages cooperation rather than warfare

COLLINA 2005 (Tom Z. Collina, Executive Director, 20/20 Vision, “Oil Dependence and U.S. Foreign Policy: Real Dangers, Realistic Solutions,” Testimony before the Committee on Foreign Relations Subcommittee on Near Eastern and South Asian Affairs United States Senate, October 19, 2005, http://www.globalsecurity.org/military/library/congress/2005\_hr/051020-collina.pdf)

Bottom line: our economy and security are increasingly dependent on one of the most unstable regions on earth. Unless we change our ways, we will find ourselves even more at the mercy of Middle East oil and thus more likely to get involved in future conflicts. The greater our dependence on oil, the greater the pressure to protect and control that oil. The growing American **dependence** on imported oil **is the primary driver of U.S. foreign and military policy today,** particularly in the Middle East, **and motivates an aggressive military policy** now on display in Iraq. To help avoid similar wars in the future and to encourage a more cooperative, responsible, and multilateral foreign policy the United States must significantly reduce its oil use. Before the Iraq war started, Anthony H. Cordesman of the Center for Strategic and International Studies said: “Regardless of whether we say so publicly, we will go to war, because Saddam sits at the center of a region with more than 60 percent of all the world's oil reserves.” Unfortunately, he was right. In fact, the use of military power to protect the flow of oil has been a central tenet of U.S. foreign policy since 1945. That was the year that President Franklin D. Roosevelt promised King Abdul Aziz of Saudi Arabia that the United States would protect the kingdom in return for special access to Saudi oil—a promise that governs U.S. foreign policy today. This policy was formalized by President Jimmy Carter in 1980 when he announced that the secure flow of oil from the Persian Gulf was in “the vital interests of the United States of America” and that America would use “any means necessary, including military force” to protect those interests from outside forces. This doctrine was expanded by President Ronald Reagan in 1981 to cover internal threats, and was used by the first President Bush to justify the Gulf War of 1990-91, and provided a key, if unspoken rationale for the second President Bush’s invasion of Iraq in 2003. ii The Carter/Reagan Doctrine also led to the build up of U.S. forces in the Persian Gulf on a permanent basis and to the establishment of the Rapid Deployment Force and the U.S. Central Command (CENTCOM). The United States now spends over $50 Billion per year (in peacetime) to maintain our readiness to intervene in the Gulf. iii America has tried to address its oil vulnerability by using our military to protect supply routes and to prop up or install friendly regimes. But as Iraq shows the price is astronomical—$200 Billion and counting. Moreover, it doesn’t work—Iraq is now producing less oil than it did before the invasion. While the reasons behind the Bush administration’s decision to invade Iraq may be complex, can anyone doubt that we would not be there today if Iraq exported coffee instead of oil? It is time for a new approach. Americans are no longer willing to support U.S. misadventures in the Persian Gulf. Recent polls show that almost two-thirds of Americans think the Iraq war was not worth the price in terms of blood and treasure. Lt. Gen William Odom, director of the National Security Agency during President Reagan's second term, recently said: "The invasion of Iraq will turn out to be the greatest strategic disaster in U.S. history." The nation is understandably split about what to do now in Iraq, but there appears to be widespread agreement that America should not make the same mistake again—and we can take a giant step toward that goal by reducing our dependence on oil.

### 1AC – US-Mexico Relations

#### Advantage\_\_\_: US-Mexico Relations

#### First, despite the growing importance of US-Mexico relations, new BILATERAL initiatives are necessary for improvements

O’Neil 13  
Shannon O'Neil is Senior Fellow for Latin America Studies at the Council on Foreign Relations (CFR), “U.S. Exports Depend on Mexico ” Latin America’s Moment January 11 <http://blogs.cfr.org/oneil/2013/01/11/u-s-exports-depend-on-mexico/>

Hidden behind the troubling headlines, however, is another, more hopeful Mexico — one undergoing rapid and widespread social, political, and economic transformation. Yes, Mexico continues to struggle with grave security threats, but it is also fostering a globally competitive marketplace, a growing middle class, and an increasingly influential pro-democracy voter base. In addition, Mexico’s ties with the United States are changing. Common interests in energy, manufacturing, and security, as well as an overlapping community formed by millions of binational families, have made Mexico’s path forward increasingly important to its northern neighbor. For most of the past century, U.S.-Mexican relations were conducted at arm’s length. That began to change, however, in the 1980s and, even more, after the 1994 North American Free Trade Agreement (NAFTA) spurred greater bilateral economic engagement and cooperation. Mexico’s democratic transition has further eased the wariness of some skeptics in Washington. Still, the U.S.-Mexican relationship is far from perfect. New bilateral policies are required, especially to facilitate the movement of people and goods across the U.S.-Mexican border. More important, the United States needs to start seeing Mexico as a partner instead of a problem.

#### AND, the plan solves – an investment fund will jumpstart US-Mexico relations

LaFranchi ‘6 – CSM Staff Writer

Howard, “Why US ties with Mexico are tepid”, <http://www.csmonitor.com/2006/0703/p03s03-usfp.html>, CMR

But such reenergizing could only take place with concentrated attention from the US side, analysts say – something that has been lacking for most of the Bush administration.¶ "If President Bush were to welcome the new Mexican president [Monday] or Tuesday with a call" for new steps to promote North America's economic growth and integration, "it would be the jolt needed to demonstrate a willingness to start anew," says Robert Pastor, director of the Center for North American Studies at American University in Washington. "But so far, the White House has only shown an interest in keeping the relationship the way it is."¶ It wasn't supposed to be that way.¶ Hopes had been high that Mexican President Vicente Fox, a former Coca-Cola executive who broke Mexico's one-party dominance with his election in 2000, could put relations with the United States on a stronger and more productive foundation. Expectations were only boosted when George W. Bush, a governor from a big border state, won the White House.¶ Then 9/11 happened. And in the lead-up to the war in Iraq, Mexico disappointed the US by adopting its traditional anti-invasion stance. The US reverted to paying little more than lip service to Mexico and the rest of the Latin "backyard."¶ But now, immigration is back at the top of the American political agenda. Also prominent in discussions are the hemisphere's energy supplies – and the anti-American leaders who in some cases hold leverage with those supplies.¶ This is why experts insist that, regardless of who ends up winning Sunday's vote – a left-wing populist who seeks a better deal for Mexico in the North American Free Trade Agreement or a conservative pro-business former energy secretary from Mr. Fox's political party – the ball will largely be in the US court to get relations moving again.¶ "Both candidates say they want better relations with America, but it's really going to be up to our side to make that happen," says James McCann, a political scientist at Purdue University in West Lafayette, Ind., who studies Mexican and expatriate Mexican public opinion.¶ Noting that America's other international preoccupations have left the Latin America stage to leaders like Venezuela's anti-Yankee Hugo Chávez, Mr. McCann says, "It's up to America to fill the void that has opened the way to a Chávez, and a good starting-off point would be to reenergize relations with Mexico."¶ In the contest that pitted leftist Andrés Manuel López Obrador against the Harvard-educated Felipe Calderón, the US was quiet. (Fox is barred from running for reelection, and a third candidate, from the party that ruled Mexico for seven decades until Fox triumphed, was stuck in third place throughout the campaign.)¶ A quiet US is seen as an improvement over past decades when the US meddled, often surreptitiously, in Mexican affairs, and as a reflection of the Bush White House's lack of attention to Mexico. "The US was aloof from this election, and that alone is a gain," says Miguel Tinker Salas, a professor of Latin American studies at Pomona College in Claremont, Calif.¶ No one anticipated US favoritism in the election, but Mr. Tinker Salas says some Mexicans worried that echoes of the charged immigration debate in Washington would ripple into the campaign. "They feared immigration would become an emotional focus in the campaign had [the US] Congress approved an onerous policy towards Mexican immigrants," he says, "but that didn't happen, at least not in time for the voting."¶ Mr. Pastor of American University says that calls from all the candidates for good relations with the US, and their unwillingness to exploit the immigration issue for political gain, shows a "maturity" the US should capitalize on. But he also points to surveys showing that the percentage of Mexicans and Canadians holding a positive opinion of the US has fallen by about half since 2000.¶ Mexico would have a more pro-US president in Mr. Calderón, Tinker Salas says, while Mr. Obrador might focus more on shoring up Mexico's relations with the rest of Latin America. Those ties have frayed as the free-market Fox has clashed with the populist tide sweeping the region.¶ But one thing the US should not fear is another anti-US Latin leftist next door should Obrador, who was slightly ahead in polls before Sunday's vote, win the presidency.¶ "He's not going to be a Chávez on the border," Tinker Salas says. Given the 2,000-mile-long border, NAFTA, the millions of Mexicans in the US, and the billions of dollars in remittances those Mexicans send home from the US each year, Mexico is not free to antagonize the US, and Obrador has said as much: "He recognizes there are locks on the system, and that just the simple proximity and reality of the US influence mean Mexico is not free to either ignore or upset relations too much."¶ One approach to challenges facing the US-Mexico relationship could be creation of an investment fund to encourage infrastructure development in Mexico's impoverished south and central regions, says Pastor, who notes that Sen. John Cornyn (R) of Texas recently introduced legislation to create a trilateral (US, Mexico, Canada) investment fund.¶ "Something like this would help reduce Mexico's development gap by integrating the poorest regions into the production network – and in the process would reduce a source of undocumented immigration," he says.

#### AND, improved investment will spill-over to all areas of cooperation

Miller and deLeon ‘9 (Stephanie, currently a consultant on U.S.-Latin America relations and was formerly the Research Associate for the Americas Project on the National Security Team, Rudy deLeon is the Senior Vice President of National Security and International Policy at American Progress in Washington, DC, “U.S.-Mexico relations need to reach beyond the border”, April, <http://www.americanprogress.org/issues/2009/04/pdf/mexico.pdf>, CMR)

Conclusion¶ The U.S.-Mexico relationship is ready for renewed collaboration on a range of issues that ¶ bind the United States and Mexico together. The global economic crisis and increasing ¶ violence along the U.S.-Mexico border have raised the relationship to the forefront of ¶ U.S. national and economic security concerns. Indeed, within 60 days in office President ¶ Obama laid out a new border security strategy intended to target the ways in which the ¶ United States contributes to the violence raging just south of its border. This is a good first ¶ step, but more needs to be done and the United States needs to think about its relationship with Mexico beyond the Rio Grande.¶ The policy recommendations included in this report provide the Obama administration ¶ with a blueprint for ways to expand and strengthen U.S.-Mexico relations beyond the issue ¶ areas that have traditionally defined the relationship, as well as reinvigorate the issue areas ¶ that have historically dominated bilateral relations. This report focused on concrete policy ¶ recommendations in four areas: ¶ • Improving the rule of law and judicial reform in Mexico.¶ • Stopping the illegal flow of weapons and money from the United States to Mexico.¶ • Exploring enhanced cooperation in economic development.¶ • Promoting alternative energy cooperation and investment.¶ By tackling these issues head on and in a sustained manner, the Obama administration ¶ can begin to build on the important first steps taken on March 24 to begin to repair and ¶ strengthen relations with one of the United States’ most important and strategic allies in ¶ the hemisphere.

#### Growing a strong US-Mexican relationship is a prerequisite to continued US power projection and supremacy.

Pastor 12   
Robert A. Pastor is professor and director of the Center for North American Studies at American University. Pastor served as National Security Advisor on Latin America during the Carter Administration. “Beyond the Continental Divide” From the July/August 2012 issue of The American Interest http://www.the-american-interest.com/article.cfm?piece=1269

Most Americans think that the largest markets for U.S. exports are China and Japan, and that may explain the Obama Administration’s Asian initiative. But the truth is that Canada and Mexico are the top two markets for U.S. exports. Most Americans also think that Saudi Arabia and Venezuela are the largest sources of our energy imports, but again, Canada and Mexico are more important. And again, we think that most tourists who come and spend money here are European and Asian, but more than half are Canadians and Mexicans. A similar percentage of Americans who travel abroad go to our two neighbors. All in all, no two nations are more important for the U.S. economy than our two closest neighbors. From the perspective of U.S. national security, too, recall for a moment that Mexico and Canada made an historic gamble in signing NAFTA. Already dependent on the behemoth next door and wary of the imbalance of power, both countries feared that NAFTA could make them more vulnerable. Still, they hoped that the United States would be obligated to treat them on an equal and reciprocal basis and that they would prosper from the agreement. Canadians and Mexicans have begun to question whether they made the right choice. There are, of course, a wealth of ways to measure the direct and indirect impact of NAFTA, but political attention, not without justification, tends to focus on violations of the agreement. The U.S. government violated NAFTA by denying Mexican trucks the right to enter the United States for 16 years, relenting in the most timid way, and only after Mexico was permitted by the World Trade Organization to retaliate in October 2011. And for more than a decade, Washington failed to comply with decisions made by a dispute-settlement mechanism regarding imports of soft-wood lumber from Canada. More recently, the United States decided to build a huge wall to keep out Mexicans, and after a three-year process of reviewing the environmental impact of the Keystone XL pipeline from western Canada to the Gulf of Mexico, this past December 2011 President Obama decided to postpone the decision for another year. This is the sort of treatment likely to drive both Canada and Mexico to conclude that depending on the United States was the wrong decision. Imagine for a moment what might happen if Canada and Mexico came to such a conclusion. Canada might divert its energy exports to China, especially if China guaranteed a long-term relationship at a good price. Mexico would diversify with South America and China and might be less inclined to keep America’s rivals, like Iran, at arm’s length. Is there anyone who thinks these developments would not set off national security alarms? A very old truth would quickly reassert itself: The United States can project its power into Asia, Europe and the Middle East in part because it need not worry about its neighbors. A new corollary of that truth would not be far behind: Canada and Mexico are far more important to the national security of the United States than Iraq and Afghanistan. Beyond the economy and national security, our two neighbors have societal ties to the United States that make all other ethnic connections seem lean in comparison. By 2015, there will be about 35 million people in the United States who were either born in Mexico or whose parents were born in Mexico; that number exceeds the total population of Canada. Canadians in the United States don’t stand out as much as do Mexicans, but nearly a million Canadians live in the United States. And more Americans live in Mexico than in any other foreign country. In sum, the economy, national security and society of the United States, Mexico and Canada are far more intertwined than most U.S., Canadian and Mexican citizens realize. Most Americans haven’t worried about Mexico in strategic terms since the days of Pancho Villa, or about Canada since the 1814 Battle of Plattsburgh. That’s unwise. Bad relations with either country, let alone both, would be disastrous. On the other hand, deeper relations could be vastly beneficial. We don’t seem ready to recognize that truth either.

#### Loss of American power projection capacity causes global war.

Brooks, Ikenberry, and Wohlforth ’13 (Stephen, Associate Professor of Government at Dartmouth College, John Ikenberry is the Albert G. Milbank Professor of Politics and International Affairs at Princeton University, William C. Wohlforth is the Daniel Webster Professor in the Department of Government at Dartmouth College “Don’t Come Home America: The Case Against Retrenchment,” International Security, Vol. 37, No. 3 (Winter 2012/13), pp. 7–51)

A core premise of deep engagement is that it prevents the emergence of a far more dangerous global security environment. For one thing, as noted above, the United States’ overseas presence gives it the leverage to restrain partners from taking provocative action. Perhaps more important, its core alliance commitments also deter states with aspirations to regional hegemony from contemplating expansion and make its partners more secure, reducing their incentive to adopt solutions to their security problems that threaten others and thus stoke security dilemmas. The contention that engaged U.S. power dampens the baleful effects of anarchy is consistent with influential variants of realist theory. Indeed, arguably the scariest portrayal of the war-prone world that would emerge absent the “American Pacifier” is provided in the works of John Mearsheimer, who forecasts dangerous multipolar regions replete with security competition, arms races, nuclear proliferation and associated preventive war temptations, regional rivalries, and even runs at regional hegemony and full-scale great power war. 72 How do retrenchment advocates, the bulk of whom are realists, discount this benefit? Their arguments are complicated, but two capture most of the variation: (1) U.S. security guarantees are not necessary to prevent dangerous rivalries and conflict in Eurasia; or (2) prevention of rivalry and conflict in Eurasia is not a U.S. interest. Each response is connected to a different theory or set of theories, which makes sense given that the whole debate hinges on a complex future counterfactual (what would happen to Eurasia’s security setting if the United States truly disengaged?). Although a certain answer is impossible, each of these responses is nonetheless a weaker argument for retrenchment than advocates acknowledge. The first response flows from defensive realism as well as other international relations theories that discount the conflict-generating potential of anarchy under contemporary conditions. 73 Defensive realists maintain that the high expected costs of territorial conquest, defense dominance, and an array of policies and practices that can be used credibly to signal benign intent, mean that Eurasia’s major states could manage regional multipolarity peacefully without the American pacifier. Retrenchment would be a bet on this scholarship, particularly in regions where the kinds of stabilizers that nonrealist theories point to—such as democratic governance or dense institutional linkages—are either absent or weakly present. There are three other major bodies of scholarship, however, that might give decisionmakers pause before making this bet. First is regional expertise. Needless to say, there is no consensus on the net security effects of U.S. withdrawal. Regarding each region, there are optimists and pessimists. Few experts expect a return of intense great power competition in a post-American Europe, but many doubt European governments will pay the political costs of increased EU defense cooperation and the budgetary costs of increasing military outlays. 74 The result might be a Europe that is incapable of securing itself from various threats that could be destabilizing within the region and beyond (e.g., a regional conflict akin to the 1990s Balkan wars), lacks capacity for global security missions in which U.S. leaders might want European participation, and is vulnerable to the influence of outside rising powers. What about the other parts of Eurasia where the United States has a substantial military presence? Regarding the Middle East, the balance begins to swing toward pessimists concerned that states currently backed by Washington— notably Israel, Egypt, and Saudi Arabia—might take actions upon U.S. retrenchment that would intensify security dilemmas. And concerning East Asia, pessimism regarding the region’s prospects without the American pacifier is pronounced. Arguably the principal concern expressed by area experts is that Japan and South Korea are likely to obtain a nuclear capacity and increase their military commitments, which could stoke a destabilizing reaction from China. It is notable that during the Cold War, both South Korea and Taiwan moved to obtain a nuclear weapons capacity and were only constrained from doing so by a still-engaged United States. 75 The second body of scholarship casting doubt on the bet on defensive realism’s sanguine portrayal is all of the research that undermines its conception of state preferences. Defensive realism’s optimism about what would happen if the United States retrenched is very much dependent on its particular—and highly restrictive—assumption about state preferences; once we relax this assumption, then much of its basis for optimism vanishes. Specifically, the prediction of post-American tranquility throughout Eurasia rests on the assumption that security is the only relevant state preference, with security defined narrowly in terms of protection from violent external attacks on the homeland. Under that assumption, the security problem is largely solved as soon as offense and defense are clearly distinguishable, and offense is extremely expensive relative to defense. Burgeoning research across the social and other sciences, however, undermines that core assumption: states have preferences not only for security but also for prestige, status, and other aims, and they engage in trade-offs among the various objectives. 76 In addition, they define security not just in terms of territorial protection but in view of many and varied milieu goals. It follows that even states that are relatively secure may nevertheless engage in highly competitive behavior. Empirical studies show that this is indeed sometimes the case. 77 In sum, a bet on a benign postretrenchment Eurasia is a bet that leaders of major countries will never allow these nonsecurity preferences to influence their strategic choices. To the degree that these bodies of scholarly knowledge have predictive leverage, U.S. retrenchment would result in a significant deterioration in the security environment in at least some of the world’s key regions. We have already mentioned the third, even more alarming body of scholarship. Offensive realism predicts that the withdrawal of the American pacifier will yield either a competitive regional multipolarity complete with associated insecurity, arms racing, crisis instability, nuclear proliferation, and the like, or bids for regional hegemony, which may be beyond the capacity of local great powers to contain (and which in any case would generate intensely competitive behavior, possibly including regional great power war). Hence it is unsurprising that retrenchment advocates are prone to focus on the second argument noted above: that avoiding wars and security dilemmas in the world’s core regions is not a U.S. national interest. Few doubt that the United States could survive the return of insecurity and conflict among Eurasian powers, but at what cost? Much of the work in this area has focused on the economic externalities of a renewed threat of insecurity and war, which we discuss below. Focusing on the pure security ramifications, there are two main reasons why decisionmakers may be rationally reluctant to run the retrenchment experiment. First, overall higher levels of conflict make the world a more dangerous place. Were Eurasia to return to higher levels of interstate military competition, one would see overall higher levels of military spending and innovation and a higher likelihood of competitive regional proxy wars and arming of client states—all of which would be concerning, in part because it would promote a faster diffusion of military power away from the United States. Greater regional insecurity could well feed proliferation cascades, as states such as Egypt, Japan, South Korea, Taiwan, and Saudi Arabia all might choose to create nuclear forces. 78 It is unlikely that proliferation decisions by any of these actors would be the end of the game: they would likely generate pressure locally for more proliferation. Following Kenneth Waltz, many retrenchment advocates are proliferation optimists, assuming that nuclear deterrence solves the security problem. 79 Usually carried out in dyadic terms, the debate over the stability of proliferation changes as the numbers go up. Proliferation optimism rests on assumptions of rationality and narrow security preferences. In social science, however, such assumptions are inevitably probabilistic. Optimists assume that most states are led by rational leaders, most will overcome organizational problems and resist the temptation to preempt before feared neighbors nuclearize, and most pursue only security and are risk averse. Confidence in such probabilistic assumptions declines if the world were to move from nine to twenty, thirty, or forty nuclear states. In addition, many of the other dangers noted by analysts who are concerned about the destabilizing effects of nuclear proliferation—including the risk of accidents and the prospects that some new nuclear powers will not have truly survivable forces—seem prone to go up as the number of nuclear powers grows. 80 Moreover, the risk of “unforeseen crisis dynamics” that could spin out of control is also higher as the number of nuclear powers increases. Finally, add to these concerns the enhanced danger of nuclear leakage, and a world with overall higher levels of security competition becomes yet more worrisome. The argument that maintaining Eurasian peace is not a U.S. interest faces a second problem. On widely accepted realist assumptions, acknowledging that U.S. engagement preserves peace dramatically narrows the difference between retrenchment and deep engagement. For many supporters of retrenchment, the optimal strategy for a power such as the United States, which has attained regional hegemony and is separated from other great powers by oceans, is offshore balancing: stay over the horizon and “pass the buck” to local powers to do the dangerous work of counterbalancing any local rising power. The United States should commit to onshore balancing only when local balancing is likely to fail and a great power appears to be a credible contender for regional hegemony, as in the cases of Germany, Japan, and the Soviet Union in the midtwentieth century. The problem is that China’s rise puts the possibility of its attaining regional hegemony on the table, at least in the medium to long term. As Mearsheimer notes, “The United States will have to play a key role in countering China, because its Asian neighbors are not strong enough to do it by themselves.” 81 Therefore, unless China’s rise stalls, “the United States is likely to act toward China similar to the way it behaved toward the Soviet Union during the Cold War.” 82 It follows that the United States should take no action that would compromise its capacity to move to onshore balancing in the future. It will need to maintain key alliance relationships in Asia as well as the formidably expensive military capacity to intervene there. The implication is to get out of Iraq and Afghanistan, reduce the presence in Europe, and pivot to Asia— just what the United States is doing. 83 In sum, the argument that U.S. security commitments are unnecessary for peace is countered by a lot of scholarship, including highly influential realist scholarship. In addition, the argument that Eurasian peace is unnecessary for U.S. security is weakened by the potential for a large number of nasty security consequences as well as the need to retain a latent onshore balancing capacity that dramatically reduces the savings retrenchment might bring. Moreover, switching between offshore and onshore balancing could well be difªcult. Bringing together the thrust of many of the arguments discussed so far underlines the degree to which the case for retrenchment misses the underlying logic of the deep engagement strategy. By supplying reassurance, deterrence, and active management, the United States lowers security competition in the world’s key regions, thereby preventing the emergence of a hothouse atmosphere for growing new military capabilities. Alliance ties dissuade partners from ramping up and also provide leverage to prevent military transfers to potential rivals. On top of all this, the United States’ formidable military machine may deter entry by potential rivals. Current great power military expenditures as a percentage of GDP are at historical lows, and thus far other major powers have shied away from seeking to match top-end U.S. military capabilities. In addition, they have so far been careful to avoid attracting the “focused enmity” of the United States. 84 All of the world’s most modern militaries are U.S. allies (America’s alliance system of more than sixty countries now accounts for some 80 percent of global military spending), and the gap between the U.S. military capability and that of potential rivals is by many measures growing rather than shrinking. 85

### 1AC – Growth/Competitiveness

#### Advantage\_\_\_: Growth

#### Mexican economic growth has hit an all-time low due to lack of investment

The Economist 5/25/13

Lacklustre growth shows the need for reform, <http://www.economist.com/news/americas/21578440-lacklustre-growth-shows-need-reform-reality-bites>, CMR

INVESTORS who were starry eyed about Mexico’s economic potential at the start of the year are now having misgivings. From a record high then, the stockmarket fell to an eight-month low on May 21st. Just to rub it in, stocks in Brazil, which Mexico views as its main regional rival, have recently been performing much better.¶ The immediate catalyst for the change of mood is the economy. In December, just as President Enrique Peña Nieto came to power promising to increase Mexico’s growth potential, the country’s strong recovery from the 2008-09 global financial crisis hit the skids. In the first quarter of 2013 sluggish sales to the United States, by far Mexico’s largest export market, helped reduce growth to a modest 0.8% compared with the same period in 2012. A fall in public spending as a new party took power contributed to the dip.¶ The government blamed part of the weakness on the early Easter holiday (it had previously blamed poor December numbers on the fact that Christmas fell at mid-week). Nevertheless, on May 17th it lowered its growth forecast for the year to 3.1% from 3.5%.¶ Other economic data in recent days have added to the worries. Foreign direct investment last year plunged to $12.7 billion, from an average of around $23 billion during the past decade, according to CEPAL, a UN-linked research organisation. It said the figure was affected by one-offs, such as a decision by Spain’s Banco Santander to list its Mexican subsidiary, raising $4 billion. That counted as an outflow of foreign investment. Some economists pointed to concerns that high levels of drug-related crime may also be taking a toll on investment, notably in tourism. Last year Mexico slipped out of the top ten of global tourist destinations.¶ Reading too much into a few months’ numbers would be risky, though. The optimism about Mexico was never based on this year’s economic growth. Even before the disappointing first-quarter GDP report, the OECD, a Paris-based think-tank for industrialised countries, had issued a study on the Mexican economy predicting a weak 2013 because of feeble demand abroad. Part of the motivation for the reforms that Mr Peña has kick-started is that the country is too dependent on the vagaries of the global economy, and needs to generate more of its own dynamism by freeing business at home.¶ In a six-year “national development plan” unveiled on May 20th, the government stressed how the economy performs below its potential. In the 30 years to 2011 it grew on average by just 2.4% a year, while productivity fell by 0.7% a year. Chile, meanwhile, grew by 4.9% a year and saw productivity increase by 1.1% a year. The OECD bemoaned Mexico’s record: it is alone among big emerging markets in suffering from sustained declines in the broadest measure of productivity during the past decade. In order for GDP growth to rise from its current potential of about 3% to a healthier 4%, the productivity trend must be reversed through structural reforms, it said. Mexico’s three main political parties, which have created a pact to promote more than 100 such changes, are aiming for 5%.¶ Recent reforms to increase the effectiveness of education, to reduce job protection for unionised workers, and to increase competition in the telecommunications, media and banking industries, may boost growth if they are fully implemented. But the OECD says that Mexico needs to go further. It calls for a mixture of policies to reduce the size of the informal economy, where 60% of employment languishes, mostly in small, inefficient companies. It also argues for a stronger legal system that enforces competition laws, for example, and improvements to the criminal-justice process to make life safer for individuals and firms.¶ Later this year the government hopes to push through radical reforms in the state-controlled energy sector. These could prove to be a spur for investment and productivity. There is likely to be a fierce political battle to pass them. Gray Newman, an economist at Morgan Stanley in New York, says that complacency about the economy could be a bad thing on the eve of such ambitious reforms. In fact, he says, “Some downward revisions in GDP growth could be exactly what the doctor ordered.”

#### US-Mexico economic cooperation is the only hope for sustaining the global economic recovery – growth in Europe, China, and Japan are too soft to keep the world economy afloat

Schiffer 2013   
Michael Schiffer President of the Inter-American Dialogue “A More Ambitious Agenda: A Report of the Inter-American Dialogue’s commission on Mexico-US relations.” February http://www.thedialogue.org/PublicationFiles/IAD9042\_USMexicoReportEnglishFinal.pdf

The first is to reinforce and deepen economic cooperation. That includes increasing the productivity and international competitiveness of both nations, opening opportunities for longterm growth and job creation, and setting the stage for further economic integration. In a world of persistent, widespread economic insecurity, the more the United States and Mexico coordinate and integrate their economies, the more ably they can compete for global markets. Their economic cooperation is more vital than ever as drivers of the global economy falter—as the European financial crisis persists, as China enters a period of slower growth, as Japan remains stalled, and as many emerging markets appear increasingly vulnerable. Among the concrete objectives the two countries should consider are development of a framework to make their shared labor markets more efficient and equitable; formation of a coherent North American energy market (which could help meet the needs of energy-poor Central America); and coordination among the United States, Mexico, and Canada in negotiations toward the Trans-Pacific Partnership (TPP).

#### Global economic collapse causes war.

Harris and Burrows, 9 –   
\*counselor in the National Intelligence Council, the principal drafter of Global Trends 2025, \*\*member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis”, Washington Quarterly, <http://www.twq.com/09april/docs/09apr_burrows.pdf>)

Increased Potential for Global Conflict¶ Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier.¶ In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn.¶ The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East**.** Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises.¶ Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

#### Only an investment fund can boost competitiveness

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

The North American Free Trade Agreement (NAFTA) came into effect on ¶ January 1, 1994 and, in thirteen years, trade among Canada, Mexico, and the United ¶ States tripled and foreign direct investment quintupled, making North America the largest ¶ free trade area in the world. Despite this success, relations among all three countries ¶ deteriorated, and a swirl of problems led many to view NAFTA as a failure. ¶ A major cause of the deterioration of relations is the failure of the three ¶ governments to find agreement on immigration, trade, and security. None of these ¶ problems can be solved easily or soon but serious progress is not possible until the three ¶ governments begin to construct a “community of interests” in which each of the them ¶ commit significant resources and undertake reforms to close the income gap between ¶ Mexico and its two neighbors and forge institutions and procedures to sustain trust. ¶ Why is the income gap so important to each of the three issues? Contrary to ¶ conventional wisdom, more than 90 percent of the undocumented workers from Mexico ¶ do not come to the United States seeking jobs. They leave jobs in Mexico for much ¶ better wages in the United States. Unless the income gap is significantly narrowed, ¶ migration from Mexico will continue to expand. Securing the United States after 9/11 ¶ depends on a secure continent and that is difficult when one of the weakest links is ¶ Mexico’s poverty. Finally, free trade policies have become unpopular because of chronic ¶ disputes, the view by some in the United States that it loses jobs because of free trade, the ¶ failure of the United States to comply with NAFTA courts, and the view that Mexico ¶ would be more developed if free trade worked. ¶ All three problems point to the same solution: a North American Investment Fund ¶ which invests $20 billion per year for a decade to close the income gap by grants to build ¶ infrastructure—roads, communications, railroads, ports—to connect the poor center and ¶ south of Mexico to its northern neighbors. Ten billion dollars would come from ¶ additional taxes by Mexicans; $9 billion would come from the United States, and $1 ¶ billion from Canada. But these would only be part of an arrangement whereby Mexico ¶ undertakes the kinds of reforms that would allow it to make effective use of these ¶ resources. ¶ Such a Fund is only possible if the three governments articulate a North American ¶ Community and pledge to contribute, each in its own way, to a strategy that will close the ¶ income gap and build institutions to resolve old problems and address new opportunities. ¶ That is the solution. Now, what exactly is the problem? If immigrants contribute to the ¶ U.S. economy so much, why is it a problem? ¶ During a state visit by Mexican President Vicente Fox in September 2001, just ¶ days before the September 11th tragedy, President George W. Bush agreed to reform U.S. ¶ immigration laws as they affected Mexico. There are about 11 million “undocumented ¶ workers” in the United States, of whom about 6.3 million are Mexicans. Fox wanted to ¶ regularize the status of the Mexicans and ensure a large and steady flow of temporary ¶ workers. Despite Bush’s pledge to address the issue, four years passed before he sent his ¶ Cabinet to Congress to outline his Administration’s approach. On October 18, 2005, ¶ U.S. Homeland Security Secretary Michael Chertoff testified: “The President believes—¶ and I agree—that illegal immigration threatens our communities and our national ¶ security.” He proposed more funding for border patrol, even though the number of ¶ officers tripled and the budget increased ten-fold during the previous two decades ¶ (Massey 2005). ¶ While the U.S. was concerned with security, the immigration issue is primarily an ¶ economic and social issue. The U.S. wants cheap labor and Mexicans want better wages ¶ in the United States. There is nothing wrong with that, except that Mexicans who are in ¶ the United States illegally are easily exploited and, thus, are compelled to work harder at ¶ wages too low for most Americans. Even during the boom years of the 1990s, when the ¶ income of most Americans improved, the wages of native-born unskilled workers ¶ declined by about 10 percent, due, in part, to more competition by illegal workers. There ¶ is, also, a humanitarian issue of dealing with 11 million illegal migrants in the country. ¶ The United States has embarked on a long journey to cope with these problems, ¶ and while there are many proposals to “regularize” the 11 million undocumented workers ¶ in the country, none can do so without provoking a new wave of illegal migration. None ¶ of these proposals will solve or even reduce the flow of undocumented migration to the ¶ United States. Indeed, regularizing the status of those who are here illegally may well ¶ encourage greater flows in the future. This is what occurred after passage of the 1986 ¶ Immigration Reform and Control Act, which combined legalization, which was ¶ implemented, and employer sanctions, which were largely ignored. This was one of the ¶ reasons why immigration reform failed to pass the Senate in June 2007. ¶ The American people are increasingly frustrated and worried about the inability ¶ of the U.S. government to control the borders. A New York Times/CBS poll in October ¶ 2005 found that 75% of Americans think that the government should do much more to ¶ keep out illegal aliens, and by May 2007, 82% of Americans felt that way (“Poll finds ¶ 69% Believe Illegal Immigrants Should be Deported,” New York Times, May 25, 2007). ¶ However, no one has proposed an effective strategy to address the challenge. The reason ¶ is that it would be very expensive to solve this problem because there is only one way to ¶ reduce that flow. The development gap between the United States and Mexico must be ¶ narrowed. A strategy aimed to accomplish that goal would not only reduce illegal ¶ migration; it would solve several other chronic problems in North America and beyond. ¶ Many in Mexico viewed the North American Free Trade Agreement (NAFTA) as ¶ a vehicle to achieve a first-world economy and close the development gap that separated ¶ it from its northern neighbors. Many in the United States supported NAFTA in the hope ¶ that it would reduce undocumented migration from Mexico. Many in Latin America and ¶ the Caribbean looked at NAFTA as a model for a Free Trade Area of the Americas ¶ (FTAA), which would allow them to board a train to the first world. Although NAFTA ¶ expanded trade within North America, neither the development gap nor undocumented ¶ migration diminished and, as it became clear that free-trade did not achieve the promise ¶ of development, many in Latin America and beyond questioned the utility of free trade. ¶ Until free trade can be viewed as beneficial to its poorer members, the prospect of ¶ expanding its boundaries will remain small. ¶ Unless and until the development gap between Mexico and the U.S. can begin to ¶ close, the prospect of having a genuine partnership among the three countries of North ¶ America will remain distant. There are other compelling reasons for the three ¶ governments to consider the development gap as the paramount challenge facing North ¶ America. NAFTA, at best, has run out of steam; the continental relationships are in ¶ danger of going into reverse. The policy responses to 9/11 and the creation of the ¶ Department of Homeland Security have constructed a formidable speed bump on the two ¶ borders that impede trade. ¶ NAFTA may be viewed as a problem but “North America” is, actually, a ¶ magnificent opportunity. Stimulating Mexico’s economy might be one of the best ways ¶ to promote competitiveness for the entire continent. The most effective response to ¶ competition from China, for example, is one that merges the comparative advantages of ¶ each unit of North America. Developing a community of interests in which the three ¶ governments take steps to make the continent more secure and their relationships fair ¶ would establish the region as the model.

#### Plan solves US competitiveness and growth while leading to North American economic integration

Pastor 13 – prof and founding director of the Center for North American Studies at American University

Robert A, Shortcut to U.S. Economic Competitiveness: A Seamless North American Market, March, <http://www.cfr.org/competitiveness/shortcut-us-economic-competitiveness-seamless-north-american-market/p30132>, CMR

The Need for Leadership¶ There is no better path to stimulate the U.S. economy, increase U.S. competitiveness, and bolster U.S. influence in emerging markets in Asia and Europe than by deepening integration with Canada and Mexico. The three countries already trade more than $1 trillion in goods and services each year. A small but vocal group in the United States opposes any further integration, but by and large the public supports freer trade in North America. Leadership is needed from President Barack Obama, the U.S. business community, and border states and communities. Mexico's new president has already expressed support for bolder initiatives to integrate the continent. Canada is more reluctant, but would not want to be left out if there was clear leadership from its neighbors. The place to start is the next North American Leaders Summit, which Mexico will host this year. The three leaders should articulate a clear vision and pledge to create a single continental market of mostly harmonized regulations in which nearly all products, produce, and services would transit borders without impediment.

#### US competitiveness prevents great power wars

Baru 9 (Sanjaya, Visiting Professor at the Lee Kuan Yew School of Public Policy in Singapore Geopolitical Implications of the Current Global Financial Crisis, Strategic Analysis, Volume 33, Issue 2 March 2009 , pages 163 – 168)

The management of the economy, and of the treasury, has been a vital aspect of statecraft from time immemorial. Kautilya’s Arthashastra says, ‘From the strength of the treasury the army is born. …men without wealth do not attain their objectives even after hundreds of trials… Only through wealth can material gains be acquired, as elephants (wild) can be captured only by elephants (tamed)… A state with depleted resources, even if acquired, becomes only a liability.’4 Hence, economic policies and performance do have strategic consequences.5 In the modern era, the idea that strong economic performance is the foundation of power was argued most persuasively by historian Paul Kennedy. ‘Victory (in war),’ Kennedy claimed, ‘has repeatedly gone to the side with more flourishing productive base.’6 Drawing attention to the interrelationships between economic wealth, technological innovation, and the ability of states to efficiently mobilize economic and technological resources for power projection and national defence, Kennedy argued that nations that were able to better combine military and economic strength scored over others. ‘The fact remains,’ Kennedy argued, ‘that all of the major shifts in the world’s military-power balance have followed alterations in the productive balances; and further, that the rising and falling of the various empires and states in the international system has been confirmed by the outcomes of the major Great Power wars, where victory has always gone to the side with the greatest material resources.’7

### 1AC – Global Trade

#### Global trade is in retreat – failure to reverse current trends ensures a new wave of protectionism and global tension

Kurlantzick 6/16/13 – Fellow for SE Asia @ CFR

Joshua, As G-8 Meets, Free Trade Is in Retreat, <http://www.businessweek.com/articles/2013-06-16/as-g-8-meets-free-trade-is-in-retreat>, CMR

At the start of his second term in January, President Barack Obama announced a massive platform of new policy proposals. Since then, many of his ideas—on gun control, a solution to America’s debt crisis, and other issues—have been abandoned, leaving the president’s supporters on the left almost apoplectic. Yet even as he has backed off from fights on other issues, Obama and his administration have continued to push for many new trade deals, such as the Trans-Pacific Partnership (TPP), which encompasses much of Asia, the fastest-growing region in the world. The White House also has proposed the Transatlantic Trade and Investment Partnership (TTIP), a free trade deal with Europe.¶ As Obama and other leaders of the world’s richest nations prepare to convene at the G-8 summit in Northern Ireland, a closer look at the U.S.’s trade agenda reveals that the administration’s rhetoric is more smoke and mirrors than serious policy. Even if the TPP or the Europe deal were viable initiatives, they will almost surely never pass Congress, which took five years to approve free trade deals with such minnows as Panama and Colombia. On a broader scale, global trade and economic integration are in crisis. Banks are retreating from international deals. The World Trade Organization’s Doha Round is dead. Leading nations like France, China, and Brazil are throwing up new types of protectionism, and a new era of deglobalization—the opposite of global economic integration—has arrived.¶ In Asia, the U.S.’s push for a regional trade deal is as much about geopolitical strategy as economics. The White House has increasingly focused American military and diplomatic energy on East Asia as part of a strategy called the “pivot,” which is designed to balance a rising China and reassert America’s Pacific presence. So far, the pivot has included renewed defense relationships with longtime allies such as the Philippines and the stationing of troops at new outposts in Australia and other countries. Committing in principle to join an Asian trade deal helps show that the White House takes East Asia seriously as the most important economic region of the world, helping advance America’s strategic aims, says one leading Asian diplomat.¶ But presidential interest alone cannot guarantee a deal. Obama has virtually no shot at getting the TPP passed in Congress. Trade has never been a popular issue with the broader American public; in a continued weak economy, it’s even less popular than in the 2000s—a fact every congressperson knows. What’s more, while some previous presidents enjoyed what is known as “fast track” trade authority, which guaranteed that the president could bring a trade deal to Congress for a straight up or down vote, Obama has never had fast track, which expired before he took office, making it even harder to get any deals through Congress. Already, a caucus of powerful Democrats in Congress, whose support Obama will almost surely need to pass any trade deal, have written the president complaining about the TPP. Japan’s inclusion in the TPP, the lawmakers contend, will reward “Japan’s significant, long-standing, and persistent economic barriers put in place to block our [U.S.] exports.”¶ Congress is not necessarily wrong to be skeptical of the TPP or other regional free trade deals such as the TTIP. In contrast to previous rounds of multilateral trade negotiations conducted through the World Trade Organization, which were thorough and forced all signers to seriously reduce trade barriers, the new regional deals often contain weak enforcement mechanisms and few binding provisions. The TPP includes countries at such vastly different states of development—such as Vietnam and Japan—that it will be nearly impossible for them all to live up to its conditions. These pacts allow countries to claim they are free traders while continuing to prop up their favorite industries.¶ Rather than being actual deals, regional pacts often are more like aspirations of freer trade—aspirations that often do not come true. Sometimes the deals don’t happen at all. Just last month, the Association of Southeast Asian Nations, the major Asian regional grouping, admitted that its Asean Economic Community, a free trade area slated to begin in 2015, isn’t going to come into effect on schedule, or any time soon, for that matter.¶ Even worse, the regional deals can create groupings that exclude trade with other nations. A comprehensive study by the U.S. Department of Agriculture showed that, while Europe’s regional free trade agreement cut barriers in the EU, it also reduced Europe-U.S. trade by about three percent annually. China, meanwhile, has signed deals with nearly all its Asian neighbors while continuing to increase state control and protection of its economy, compared to a decade ago. (While state-owned enterprises controlled only six times as much of China’s industrial output as private companies in 2004, today they control 11 times as much.) Indeed, a China-Southeast Asia trade deal originally inked a decade ago still does not guarantee free trade as comprehensively as past WTO rounds. Nearly every nation in Southeast Asia is complaining about the massive loopholes in its deal with China—loopholes that have allegedly allowed Chinese dumping of goods into mainland Southeast Asia.¶ Failure by the U.S. and its trading partners to push a serious free trade agenda in the form of renewed, comprehensive global trade negotiations will only worsen trends toward deglobalization. Trade is one of the most important pillars of global integration, and right now the other major pillars are crumbling. The financial institutions that once propelled globalization have retrenched so badly that the shift will last for years. As crisis-hit European nations have passed legislation forcing banks to maintain higher capital requirements and to invest more within their own borders, these European institutions, which had been the major sources of emerging world investments, have started a process of massive deleveraging. Until two years ago, European banks accounted for about 90 percent of all foreign bank lending in Africa, Eastern Europe, and the Middle East and 60 percent of all foreign bank loans in Asia. That figure is dropping rapidly. Japanese, American, and Chinese banks, hindered by their own problems at home, will not step into the breach.¶ Although some European leaders at first thought this contraction in European banks’ balance sheets would last only through 2011 and 2012, now they—and the world—are realizing that the deleveraging is a much longer-term problem. An analysis from consulting firm Deloitte estimates that 71 percent of European financial institutions will wind down their balance sheets for five years or more. Credit Suisse estimates that European banks’ returning to lending in their home markets will strip as much as $1 trillion in funding from emerging markets and even developed markets over the coming decades.¶ A third pillar of global integration, migration, is faltering as well. In austerity-wracked southern European nations, rabidly anti-immigrant parties already have become mainstream political players. Greece’s far-right party Golden Dawn, which has a reputation for rounding up and beating immigrants, now holds the fourth-largest number of seats in parliament. Even tiny Singapore, a country that despite the global slowdown has maintained a gross domestic product per capita of $61,000 at purchasing power parity and that depends on trade and foreign workers to prosper, has seen its public turn sour on migration. Anti-foreign worker sentiment helped propel the Singaporean opposition, dormant for decades, to its strongest showing ever in last year’s elections as it criticized the ruling party for being too lenient in allowing labor migration.¶ For the global economy, the continued trend toward deglobalization will mean a dearth of new entrepreneurial companies, particularly in developing nations, since there will be little capital available for the next Mark Zuckerbergs. In addition, it will mean that trade wars will only escalate, since these regional trade deals do not hold world leaders to the tough standards that previous WTO rounds did. In the long run, this could lead to an overall decline in trade, which would make the entire international economy far less dynamic, and could even lead to greater political tensions between big trading powers like the U.S. and China.

#### Extinction

Panzer 8—25-year veteran of the markets who has worked for for HSBC, Soros Funds, ABN Amro, Dresdner Bank, and J.P. Morgan Chase. New York Institute of Finance faculty member and a graduate of Columbia University. (Michael, Financial Armageddon, 136-8)

Continuing calls for curbs on the flow of finance and trade will inspire the United States and other nations to spew forth **protectionist legislation** like the notorious Smoot-Hawley bill. Introduced at the start of the Great Depression, it **triggered** a series of **tit-for-tat economic responses**, **which** many commentators believe **helped turn** a serious **economic downturn into a** prolonged and devastating global disaster. But if history is any guide, **those lessons will have been** long **forgotten during the next collapse**. Eventually, fed by a mood of desperation and growing public anger, restrictions on trade, finance, investment, and immigration will almost certainly intensify. Authorities and ordinary citizens will likely scrutinize the cross-border movement of Americans and outsiders alike, and lawmakers may even call for a general crackdown on nonessential travel. Meanwhile, many nations will make transporting or sending funds to other countries exceedingly difficult. As desperate officials try to limit the fallout from decades of ill-conceived, corrupt, and reckless policies, they will introduce controls on foreign exchange. Foreign individuals and companies seeking to acquire certain American infrastructure assets, or trying to buy property and other assets on the cheap thanks to a rapidly depreciating dollar, will be stymied by limits on investment by noncitizens. Those efforts will cause spasms to ripple across economies and markets, disrupting global payment, settlement, and clearing mechanisms. All of this will, of course, continue to undermine business confidence and consumer spending. In a world of lockouts and lockdowns, any link that transmits systemic financial pressures across markets through arbitrage or portfolio-based risk management, or that allows diseases to be easily spread from one country to the next by tourists and wildlife, or that otherwise facilitates unwelcome exchanges of any kind will be viewed with suspicion and dealt with accordingly. **The rise** **in** isolationism and **protectionism will bring about** ever **more** heated arguments and dangerous confrontations **over shared sources of oil, gas, and other key commodities** **as well as factors of production that must, out of necessity, be** **acquired from less-than-friendly nations.** Whether involving raw materials used in strategic industries or basic necessities such as food, water, and energy, efforts to secure adequate supplies will take increasing precedence in a world where demand seems constantly out of kilter with supply. **Disputes** over the misuse, overuse, and pollution of the environment and natural resources **will become more commonplace.** Around the world, **such tensions will give rise to** fullscale military encounters, often with minimal provocation**.** In some instances, **economic conditions will serve as a convenient pretext for conflicts that stem from cultural and religious differences**. Alternatively, **nations may** look to **divert attention away from domestic problems by** **channeling frustration** and populist sentiment **toward other countries** and cultures. Enabled by cheap technology and the waning threat of American retribution, terrorist groups will likely boost the frequency and scale of their horrifying attacks, bringing the threat of random violence to a whole new level. **Turbulent conditions will encourage** aggressive **saber rattling** and interdictions **by** rogue nations running amok**.** **Age-old clashes will also take on a new, more heated sense of urgency**. **China will** likely **assume an increasingly** **belligerent posture toward Taiwan**, while **Iran may embark on** overt **colonization of** its neighbors in **the Mideast**. Israel**,** for its part, may look to draw a dwindling list of allies from around the world into a growing number of conflicts. Some observers, like John Mearsheimer, a political scientist at the University of Chicago, have even speculated that an “intense confrontation” between the United States and China is “inevitable” at some point. More than a few disputes will turn out to be almost wholly ideological. **Growing** cultural and religious **differences will be transformed from wars of words** **to battles soaked in blood**. **Long-simmering resentments could** also **degenerate quickly, spurring the basest of human instincts** and triggering genocidal acts. **Terrorists employing biological or nuclear weapons will** vie with conventional forces using jets, cruise missiles, and bunker-busting bombs to **cause widespread destruction**. **Many will interpret stepped-up confl icts between Muslims and Western societies as the** beginnings of a new world war**.**

#### The plan is key – it strengthens US bargaining power to move forward global talks while boosting competitiveness

Pastor and Barbee, ’13 – prof @ American University and U.S. trade policy researcher (Robert and Inu, “Neighbors should not be an after-thought when it comes to trade strategy”, 5/1, <http://thehill.com/blogs/congresstp-blog/economy-a-budget/297253-neighbors-should-not-be-an-after-thought-when-it-comes-to-trade-strategy>, CMR)

This week, President Barack Obama will be in Mexico to meet with Mexican President Enrique Peña Nieto. Though security has been at the center of the U.S.-Mexico agenda in recent years, the relationship encapsulates much more than that. This trip provides a vital opportunity to refocus the agenda on our economic ties and build upon the success of NAFTA, but President Obama has instead been concentrating his attention on completing negotiations for the Trans-Pacific Partnership (TPP) and beginning a Transatlantic Trade and Investment Partnership (TTIP) with Europe. These are commendable initiatives, but the administration has not informed us of the advantages of these agreements as compared to others. Nor has it offered a realistic strategy to achieve either of them. ¶ Fortunately, this week’s trip to Mexico should reaffirm the president to look no further than our neighbors to find the best path to global competitiveness and the best leverage to negotiate the two deals. In 2011, 48 percent of North America’s merchandise exports went to the three NAFTA partners, for a total of $1.1 trillion. This is twice the total of merchandise exports to Asia ($476 billion) and almost triple what we export to Europe ($383 billion). Furthermore, 25-40 percent of the value of U.S. imports from its neighbors comes from components made in the United States. Canada and Mexico are not only the United States’ most important markets and the largest source of energy imports, but also vital links in North American supply chains. ¶ The proliferation of free trade agreements has not had much effect on the composition or direction of trade. Trade still occurs in higher volumes within regions than between regions. Therefore, to boost competitiveness, we need to deepen integration and create a seamless continental market. A customs union is the next step. ¶ Two separate tasks are needed: the removal of all internal customs duties and quantitative restrictions among the three countries, and second, the harmonization of tariffs to third countries to create a common external tariff (CET) towards non-member states. The original six members of the European Economic Community tried to achieve both in a span of 12 years (1958-1970), and while they did not quite make it, trade among the six grew almost six-fold by the time the customs union was virtually completed in 1970. The competitiveness gained by integrating European production chains created a platform for tripling the region's trade with the rest of the world. By 1970, the Community accounted for 1/3rd of total world trade, a 10 percent increase from 1958. Economies that were devastated at the end of the war, emerged together as a globally competitive powerhouse, second only to the United States and growing almost twice as fast. ¶ Much of this growth is due to the elimination of costly barriers to trade, especially the elimination of rules of origin requirements. This is the moment for North America to take the same jump. Economists have estimated that rules of origin, which stop all products at the border to determine the North American content, cost anywhere from $36 billion to over $400 billion a year, depending on whether indirect effects are included. That is a whopping, unnecessary tax. ¶ Harmonizing tariffs should begin with tariff lines that have differences of less than 10 percent. About 40 percent of U.S. and Canadian MFN tariffs are within 1-2% of each other, and will be easy to adjust. For most cases this will mean lowering tariffs to U.S. levels. Ironically, Mexico is most supportive of this approach, though they would be most costly to them. That's because they are eager to ascend to the first world economically and because their leadership is the most far-sighted. ¶ The common tariffs collected at the border should be placed in a North American Investment Fund to build continental highways, improve railroads, and develop intermodal transportation. Nothing would narrow the income gap with Mexico or expand its buying power as effectively as that, and nothing would stimulate growth in all three countries more. A common tariff would mean eliminating customs forms and hassles at our two borders so that our officials can focus on drugs, terrorists, and undocumented workers. A common approach would allow us to focus on regulatory harmonization while strengthening our bargaining power in multilateral talks. ¶ This would not be easy because all three countries need to reconcile their different free trade agreements, but it would not be as hard as NAFTA, and it would begin to create a seamless market. The closer that we get to that goal, the more that the European Union and Asia will take our proposals seriously. Given the importance of the continental market, the idea of adding North America as an after-thought to negotiations with the TPP and Europe is backwards. If we want to move forward, we should start with our neighbors.

## 2AC Solvency – Misc

### Solvency – Plan = Investment

#### The plan result in enhanced and effective investment

Manley, et al. ‘5 – Senior Counsel @ McCarthy Tetrault LLP

John P, “Building a North American Community”, Council on Foreign Relations Task Force, google books, CMR

Establish a North American Investment fund for infrastructure and human capital. With a more conducive investment climate in Mexico, private funds will be more accessible for infrastructure and development projects. The United States and Canada should establish a North American Investment Fund to encourage private capital flow to Mexico. The fund would focus on increasing and improving physical infrastructure linking the less developed parts of Mexico to the markets in the north, improving primary and secondary education, and technical training in states and municipalities committed to transparency and institutional development. A relatively small amount of funds should be targeted for technical assistance for project design and evaluation, management, and training. If the North American Investment Fund is to be effective, it will need significant help from the United States and Canada, and counterpart funding through higher tax revenues from Mexico. The fund design should consider such issues as incentives and debt absorption and management capacity of subnational government to ensure that resources are effectively used. The fund will need to be managed in a transparent manner according to best international practices, and should be capitalized through a diverse set of innovative financial mechanisms. Availability of credit enhancement mechanisms for long-term loans in pesos will be critical. [page 14]

More evidence

Miller and deLeon ‘9 (Stephanie, currently a consultant on U.S.-Latin America relations and was formerly the Research Associate for the Americas Project on the National Security Team, Rudy deLeon is the Senior Vice President of National Security and International Policy at American Progress in Washington, DC, “U.S.-Mexico relations need to reach beyond the border”, April, <http://www.americanprogress.org/issues/2009/04/pdf/mexico.pdf>, CMR)

Critical to improving labor and environmental conditions in all three countries would be ¶ a new investment fund to promote development. The United States can begin discussions ¶ with the Mexican government—and ideally with the Canadian government—on the ¶ possibility of creating a joint investment fund to bring Mexico’s development closer to that ¶ of the United States and Canada. Ultimately, progress on achieving this would depend on ¶ a commitment by the Mexican government to make significant investments and to make ¶ progress on a series of domestic policies to promote development, including:¶ • Competition policy to reduce monopolies.¶ • Labor laws to democratize unions.¶ • Energy policy to promote sound management, including access to credit and technology, of Pemex, the government-owned oil company.¶ • Taxation policy to raise fiscal revenue to 18 percent of gross domestic product from current 11 percent levels. ¶ If these conditions exist, then the U.S. government should consider one of several options ¶ for an investment fund that would make priority investments in human capital (education ¶ and training) and in infrastructure for roads, ports, and airports that link poorer regions to ¶ the global market.

### Solvency – Mexican Reform

#### The plan encourages internal political reform in Mexico

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

(5) A Community and Conditionality. Of the $20 billion each year for the North ¶ American Investment Fund, Canada and the United States should pay half, with the ¶ U.S.—with about nine times the economy of Canada—accounting for 90 percent of that. ¶ Mexico should contribute the other $10 billion. The United States and Canada are ¶ unlikely to contribute funds unless both countries felt that it would be used wisely and ¶ that Mexico would undertake serious long-term reforms. Mexico understands that it ¶ needs to undertake fundamental reforms in sensitive sectors such as energy, taxes, ¶ pensions, electricity, and the judicial system but the political system has been stalemated. ¶ If its partners were to define, together, a community of three nations in which each would ¶ contribute to that future, then that might alter the political balance in a way that would ¶ make both the reforms and the Fund possible. Absent those changes, the U.S. and ¶ Canada might very well conclude that their funds would not be put to good use and ¶ would not want to contribute. Spain and Ireland understood the need for reforms but they ¶ could only implement them with the support of the EU.

### AT: Canada Says No

#### No, they’ll totz support the plan

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

**In addition to economic interests, there are three reasons** why **Canada should want** ¶ **to build a North American Community and contribute to a fund to narrow the** ¶ **development gap**. First, **Canada is a multilateral institution-builder and there is no** ¶ **relationship more important to Canada than with the U**nited **S**tates (James, Michaud, ¶ O’Reilly, 2007, ch. 1). It follows that a tri-national institution could be constructed in a ¶ manner that would serve Canada’s long-term interests in assuring that the U.S. negotiates ¶ fairly and complies with the rules of an agreement. **Second**ly, **Canada wants the U.S. to** ¶ **pay attention to its concerns and is frustrated that it does not. A joint approach with** ¶ **Mexico,** which can gain US attention because of the large Mexican-American population, ¶ **would certainly assist Canada**. But Mexico and Canada are likely to be more effective if ¶ they pursue fair rules rather than appear as if they are conspiring against the U.S. ¶ **The three governments should set the goal of helping Mexico achieve a sustained** ¶ **rate of growth for at least one decade of at least 6 percent per year**. If one assumes that ¶ the U.S. and Canada maintain a growth rate of 3 percent, the income gap would be ¶ reduced by 20 percent in the first decade and, hopefully, provide the momentum to close ¶ the gap within 40-50 years. While it would be desirable for the gap to be closed, the ¶ trajectory may be as important. If Mexicans see the gap closing in a consistent way, selfperceptions could change, and that could mean that fewer Mexicans would emigrate.

## 2AC – Growth/Competitiveness

### UQ – No Growth

#### Bilateral trade between Mexico and the US is increasing now, we need to open the Ports of Entry in order to take advantage of it

Wilson and Lee, 2013 (Christopher and Erik, “The State of Trade, Competitiveness and Economic Well-being in the U.S.-Mexico Border Region”, The Wilson Center, June 2012, <http://www.wilsoncenter.org/publication/the-state-trade-competitiveness-and-economic-well-being-the-us-mexico-border-region>, 7/1/2013, PB)

The need for increased vigilance at the U.S. borders came at a cost for regional manufacturers ¶ and border communities.6¶ Longer and unpredictable wait times at the border cut away at the ¶ competitiveness of regional industries and many U.S. and Mexican factories were offshored to ¶ Asia.7¶ Whereas bilateral trade had grown at a rate of 17 percent per year from 1993-2000, it ¶ only grew 4.5 percent from 2000-2008.¶ The recent economic crisis has drawn attention to the serious need for efforts to increase the ¶ competiveness of regional industry that could lead to a renewed emphasis on the trade ¶ facilitation portion of the Customs and Border Protection mission. The integrated nature of the ¶ North American manufacturing sector makes eliminating border congestion an important way¶ to enhance regional competitiveness. The global economic crisis forced manufacturers to look ¶ for ways to cut costs. After taking into consideration factors such as rising fuel costs, increasing ¶ wages in China and the ability to automate an ever greater portion of the production process, ¶ many American companies decided to nearshore factories to Mexico or reshore them to the¶ United States, taking advantage of strong human capital and shorter supply chains. Bilateral ¶ trade dropped significantly during the recession but has since rebounded strongly, growing ¶ significantly faster than trade with China.8¶ As demonstrated in the above map (Figure 2), the¶ growth of trade adds pressure (and has the potential to add additional pressure) on the already ¶ strained POEs and transportation corridors.¶ Despite growing trade, the number of trucks crossing the border has remained relatively stable ¶ since the year 2000. As shown in Figure 3 above, personal vehicle and pedestrian traffic shows ¶ an even starker contrast, with a clear inflection point around the turn of the century. Several ¶ studies have attempted to quantify the costs of border area congestion to the economies of the ¶ United States and Mexico. In what is perhaps a testimony to the fragmented and geographically ¶ disperse nature of the border region, most of these studies have focused on particular North South corridors of traffic and trade rather than taking a comprehensive, border-wide approach. ¶ The specific results of the studies (summarized in Table 2, on next page) are quite varied, and ¶ too much value should not be placed on any single number. Nonetheless, one message comes ¶ through quite clearly—long and unpredictable wait times at the POEs are costing the United ¶ States and Mexican economies many billions of dollars each year.¶

### I/L – Infrastructure Key

#### Lack of infrastructure causes both Mexico and the US to lose money

Uribe, 2012 (Monica, reporter for Fronteras, October 30, 2012, “NAFTA's promise slowed by lack of border infrastructure” <http://www.marketplace.org/topics/world/naftas-promise-slowed-lack-border-infrastructure>, MarketPlace, 7/3/2013, PB)

Infrastructure at the border also affects wait times. The biggest obstacle to updating the current ports of entry and building new ones is insufficient federal funding. It’s especially tough now when the country is recovering from an economic recession and Congress has failed to approve the new budget.¶ Chris Wilson, who researches binational trade for the Woodrow Wilson Center in Washington D.C., says “Customs and Border Protection has identified a $6 billion deficit between where we are now and where we need to be to keep up with all the people and goods that are flowing across the border every day."¶ There has been some progress. There’s a new commercial port of entry in Arizona and another under construction in west Texas. Other ports have added additional lanes and trusted traveler programs have helped speed up inspection times. But it’s not enough. In the past two years binational trade has grown by a record 23 percent. Without the infrastructure to support that amount of trade both countries lose out.¶ “It cuts into the competitiveness of manufacturing in North America," Wilson says. "It means that we have less jobs, less trade, less exports and those are things that are really important right now to our economy.”

### I/L – Mexico K US Econ

#### Mexico Stability is Key to the US Economy

Rubio, 2012 (Luis, Mexico Institute Advisory Board Member, "Mexico Matters: Change in Mexico and Its Impact upon the United States", Wilson Center, http://www.wilsoncenter.org/publication/rubio-mexico-matters, accessed 5/7/2013, PB)

Whether and how Mexico succeeds in resolving its current difficulties will have an extraordinary impact upon the U.S. The current wave of violence and insecurity has acted investment (at the very least it has reduced its potential) and lack of investment has impacted economic performance. These constitute powerful incentives for people of all socio economic backgrounds to emigrate. If Mexico were to resolve its challenges, it could turn around to become a formidable partner for economic growth. Either way, the evolution of Mexico’s predicament will act the United States in fundamental ways. Mexico’s stability is of great importance to the U.S. and will act the latter regardless of what occurs elsewhere in the world. Many of the most serious challenges to the stability of the North American region can be found in Mexico. At the same time, many of the opportunities for a truly competitive North America lie in combining American technological might and the progressively more productive and competitive Mexican manufacturing base. Mexico is critical to the U.S. and its dilemmas and issues will strongly influence the way the U.S. evolves.

### I/L – US and Mexico Economies Linked

#### Production sharing causes the US and Mexican economies to be linked

Wilson and Lee, 2013 (Christopher and Erik, “The State of Trade, Competitiveness and Economic Well-being in the U.S.-Mexico Border Region”, The Wilson Center, June 2012, <http://www.wilsoncenter.org/publication/the-state-trade-competitiveness-and-economic-well-being-the-us-mexico-border-region>, 7/1/2013, PB)

The quantity of U.S.-Mexico trade is impressive, but its quality makes it unique. The United ¶ States and Mexico do not just sell goods to one another, they actually work together to ¶ manufacture them. Through a process known as production sharing, materials and parts often ¶ cross back and forth between factories on each side of the border as a final product is made ¶ and assembled. As a result, U.S. imports from Mexico contain, on average, 40 percent U.S. ¶ content, and Mexico’s imports from the U.S. also have a high level of Mexican content. 5¶ This system of joint production has two important consequences. First, it means that our ¶ economies are profoundly linked. We tend to experience growth and recession together, and ¶ productivity gains or losses on one side of the border generally cause a corresponding gain or ¶ loss in competitiveness on the other side as well. In sum, we will largely succeed or fail together ¶ and must therefore join forces to increase the competitiveness of the region. Second, the fact ¶ that goods often cross the border several times as they are being produced creates a multiplier ¶ effect for gains and losses in border efficiency. Whereas goods from China only go through ¶ customs and inspection once as they enter the U.S. or Mexico, products built by regional ¶ manufacturers bear the costs of long and unpredictable border wait times and significant ¶ customs requirements each time they cross the U.S.-Mexico border.

### I/L Magnifier

#### Small economic decline creates a self-fulfilling prophecy of economic collapse.

Samuelson, 2010 (Robert J. Samuelson, contributing editor of the Washington Post, “Our economy’s crisis of confidence”, June 14 2010, http://www.washingtonpost.com/wp-dyn/content/article/2010/06/13/ AR2010061303330.html?hpid=opinionsbox1, 6/26/10, HR)It's psychology, stupid.

Not since World War II has an economic recovery been so hobbled by poor confidence. Every recession leaves a legacy of anxiety and uncertainty. But the present residue is exceptional because the recession was savage and -- more important -- its origins (housing bubble, financial crisis) were unfamiliar. People are super-sensitive to the latest news, for good or ill, because their vision of the future is blurred and their bias is gloomy. Having underrated economic risk during the boom, Americans may be overrating it now. Unfortunately, perceptions can become self-fulfilling. The Obama administration is grappling uneasily with this reality. It can rightly claim that its economic policies quelled the near-hysteria of late 2008 and early 2009. But the success was partial, and the administration isn't getting much credit even for that. Only 23 percent of the public say President Obama's policies have improved the economy, reports a new Pew survey. By contrast, 29 percent think his policies made matters worse and 38 percent believe they made no difference. For or against, those policies haven't restored faith in the economy's underlying strength. The danger is that pessimism feeds on itself and leads to a dreaded "double-dip" recession. Companies won't hire because they fear customers won't spend; and customers don't spend because they fear companies won't hire -- or may fire. For the moment, a double-dip seems a long shot. Private hiring has restarted; inventories have been depleted; strong growth in China, Brazil and India has boosted U.S. exports; psychology could turn for the better. Still, the fact that some knowledgeable observers fear a renewed recession attests to the low state of confidence.

### MPX – Econ Decline = War

#### Global economic collapse leads to neocolonial wars, resulting in mass death, suffering, and nuclear war.

Christopher Lewis, THE COMING AGE OF SCARCITY, 1998, p. 129

Most critics would argue, probably correctly, that instead of allowing underdeveloped countries to withdraw from the global economy and undermine the economies of the developed world, the United States, Europe, and Japan and others will fight neocolonial wars to force these countries to remain within this collapsing global economy. These neocolonial wars will result in mass death, suffering, and even regional nuclear wars. If First World countries choose military confrontation and political repression to maintain the global economy, then we may see mass death and genocide on a global scale that will make the deaths of World War II pale in comparison. However, these neocolonial wars, fought to maintain the developed nations’ economic and political hegemony, will cause the final collapse of our global industrial civilization. These wars will so damage the complex, economic and trading networks and squander material, biological, and energy resources that they will undermine the global economy and its ability to support the earth’s 6 to 8 billion people. This would be the worst-case scenario for the collapse of global civilization.

### Solvency – Mexican Growth

#### Investment solves Mexican growth – numerous regions

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

(2) A New Development Strategy. How can Mexico grow at twice the rate of the ¶ United States and Canada? Using a computable general equilibrium model of Mexico, ¶ Robinson, Morley, and Diaz-Bonilla conclude that **the current export model is unlikely to** ¶ **generate sufficient growth to begin to close the income gap**. Instead, **Mexico needs a** ¶ **fundamental change in development strategy** and they propose two options. Capital ¶ formation would need to be raised to the level of 30 percent or more of GDP. Without a ¶ significant increase in domestic savings, Mexico would need $30 billion more per year of ¶ foreign capital, net of interest payments. An alternative would be to channel $17-20 ¶ billion in new capital, net of interest payments, each year into infrastructure and human ¶ capital. As Mexico cannot sustain more debt, grants are needed from abroad. **With** these ¶ **investments**, they estimate that **Mexico could grow at an annual rate of** about **6 percent** ¶ (Robinson, Morley, Diaz-Bonilla, 2005). ¶ Others have pointed to Mexico’s declining competitiveness and attribute that to ¶ Mexico’s inability or unwillingness to undertake essential tax and fiscal, labor, energy ¶ and electricity reforms. An IMD World Competitiveness Survey attributed declining ¶ competitiveness to poor infrastructure. Of the 30 largest economies in terms of their ¶ infrastructure, the IMD survey found that in just three years – 2000-03 – Mexico had ¶ slipped from 18th to 29th, while the U.S. infrastructure competitiveness remained the top ¶ ranking and Spain slipped from 9th to 10th (IMD, 2004). ¶ The World Bank initially viewed large infrastructure projects as key to ¶ development and, after its start in 1960, the Inter-American Development Bank also ¶ invested heavily in infrastructure. But beginning in the mid-1970s, there was a gradual ¶ shift away from such projects toward those aimed at education, health, and povertyreduction. More recently, the World Bank has begun to re-evaluate the importance of ¶ infrastructure and a number of studies have concluded that lagging performance in ¶ infrastructure “has cascading negative effects throughout the economy. It increases the ¶ cost of doing business, decreases international competitiveness, and hinders the country’s ¶ growth and poverty alleviation prospects” (World Bank, 2003, p. 1). ¶ **Mexico has long under-invested in infrastructure** but the decline in government ¶ investment in infrastructure as a percentage of GDP fell precipitiously from about 8% in ¶ 1980 to 1.2 % in 2003. In 1960, Korea had less than half of Mexico’s paved road ¶ density. In 2005, it had eleven times that of Mexico. Similarly, in 1969, Korea had onethird the power infrastructure per capita of Mexico but, in 2005, it had three times as ¶ much. While the comparison with Korea is particularly sharp, Mexico compares poorly ¶ with other major Latin American countries. For example, Mexico’s road density is ¶ currently about one-half that of Brazil. Moreover, the costs of railways and ports in ¶ Mexico are higher than for Brazil and the U.S (World Bank and Inter-American ¶ Development Bank, 2005; World Bank, 2005; Rodriguez Barochio, 2005, p. 15). ¶ **The lack of infrastructure and its poor quality and reliability have added** ¶ **significantly to the cost of doing business in Mexico**. **It also has encouraged foreign** ¶ **investment to concentrate on the border**. Therefore, **one effective way to reduce** ¶ **geographical disparities within Mexico while reducing pressures for out-migration would** ¶ **be to improve the road system from the U.S. border to the center and southern parts of the** ¶ **country.** Because of foreign investment, the northern border economy is booming and ¶ attracting labor from the poorer parts of the country. However, in many cases, workers ¶ stay on the Mexican side of the border only long enough to learn how to cross into the ¶ United States, where they can earn a lot more. U.S. firms do not like to invest in the ¶ border area because of the pollution and the inefficiencies associated with such a high ¶ turnover rate but they do so because the roads from the border to the center of the country ¶ are bad or non-existent. ¶ **If roads were built or improved from the border to the center of the country,** ¶ **investors would locate there** for three reasons. First, the center and south of the ¶ country—from Oaxaca, Zacatecas, Michoacan, Guanajuato—have the highest rates of ¶ unemployment and, indeed, are the principal sources of immigrants to the border and to ¶ the United States. Secondly, the wage level is much lower in these areas and the workers ¶ are no less educated than those on the border. Indeed, they are often the same workers. ¶ Finally, the region is not the polluted, cramped border. The government has incentive ¶ systems to encourage investors to locate there but the problem is a lack of ¶ infrastructure—roads, electricity, etc. Build them, and investors would come, ¶ immigration levels would decline and so would disparities in income. ¶ Mexico has been criticized for subsidizing higher education at the cost of ¶ elementary and secondary schools and that is true (Kogan, 1987, pp. 56-78). But Spain ¶ and Portugal discovered that **investments** in technical and community colleges in rural ¶ areas **had a large multiplier effect.** College-educated students returned from the capital to ¶ their small towns to teach at these colleges and, as they raised a family, they insisted on ¶ improvements in elementary and secondary schools where their children attended. The ¶ community colleges proved to be the catalyst to improve the level of education at all ¶ levels in the rural areas.

#### Infrastructure investment leads to job growth

Conan, 2012 (Rebecca, Journalist at Business News America, “Infrastructure is main bar to job creation”, <http://www.bnamericas.com/story.jsp?sector=5&noticia=597148&idioma=I&source>=, Business News America, 7/2/2013, PB

Poor infrastructure is one of the main barriers to job creation in Latin America, according to the World Bank's World Development Report 2013.¶ "The bottom line is that the region needs massive private investment in infrastructure," said World Bank president Jim Yong Kim during the annual meeting of the association of American chambers of commerce in Latin America.¶ Formal employment dropped across the region following the 2008-2009 economic crisis, with Mexico registering a decline of 500,000 jobs as well as a 10% drop in real wages.¶ Governments can stimulate job creation with investment in better road, port and airport infrastructure as well as the removal of barriers to foreign investments, according to the report.¶ While companies tend to grow faster in large cities, the poor functionality of large cities, in terms of traffic and pollution, undermine the potential for job creation, states the report.¶ The annual cost of traffic delays in Mexico City alone is 3% of GDP or US$580/y per person.¶

#### Investment in Mexican infrastructure will lead to increased economic growth

Hing, 2011 (Bill, Professor of Law at the University of San Francisco, July 12, 2011, “Control the Border: Invest in Mexico”, Huffington Post, <http://www.huffingtonpost.com/bill-ong-hing/invest-in-mexico_b_896473.html>, 7/2/2013, PB)

Before the international financial crisis, the European Union -- through its European Social Fund -- invested huge sums in roads and education in roads and education in new, poorer member states and narrowed their income gap with the rest of Europe, and workers stayed home because jobs were created. Similarly, the three NAFTA countries should establish a fund to invest in roads, telecommunications, and postsecondary education in Mexico. Mexico lacks the capital to build the infrastructure that is necessary to narrow the gap with Canada and the United States. If its northern neighbors contributed 10 percent of what the EU spends on aid, with wise investments in infrastructure and education, Mexico could experience growth at a rate twice that of Canada and the United States. Building up the central part of the country could relieve congestion at the border, and the whole system could be better managed. Former Mexican President Vicente Fox has urged the United States to invest 2 percent of its GDP in Mexico to narrow the wage gap while helping the economies of both countries to compete with China.¶ Focusing on the educational system in Mexico is also key. Mexican students fall near the bottom in cross-country comparisons on basic literacy, math, and science. While the education level of adults in the U.S. is almost thirteen years, in Mexico, the level is about seven. This low level has severe implications for competitiveness and the standard of living of Mexicans.¶ Investments in Mexico also have to be targeted. Mexico's domestic industries need help, for example, by using domestic parts and supplies in production imports. Businesses need financing; many are facing international competition from places like China. The rural areas of Mexico really suffered under NAFTA. Subsistence farmers in Mexico were not given assistance or time to make adjustments under NAFTA. Nothing was done to help protect their income as trade conditions changed. The development of fruit and vegetable production can absorb some of the rural workers who have been displaced. Serious investment in new technologies in small and medium-size industries also is necessary. Some of this can be achieved through tax incentives to spur economic growth in the country's interior.¶ If we are to solve the challenge of undocumented Mexican immigration, heavy investment in Mexico's infrastructure and economy must be made. The EU did this successfully in bringing in poor nations, avoiding huge migration from poor to wealthy member nations and creating more jobs at home. All three NAFTA countries have much to gain from this approach.

#### Infrastructure investment will create jobs, fight poverty, and increase competitiveness, but the current government don’t have enough money to afford it.

**Bureau of International Information Programs, 06** (“Development of Western Hemisphere's Infrastructure Key to Growth”, State Department Documents and Publications, <http://newsblaze.com/story/20060329080844tsop.nb/topstory.html>, 7/3/2013, PB)

Maisto reiterated the three governmental actions recently recommended by John Murphy of the U.S. Chamber of Commerce to create jobs, fight poverty and enhance the competitiveness of the Americas:¶ " [cents] Free the labor market to create jobs,¶ " [cents] Tear down barriers to entrepreneurship and¶ " [cents] Open trade to enhance competitiveness. (See related article.)¶ Many private-sector firms already have identified obstacles to doing business in the Americas, Maisto said. "In Latin America and the Caribbean,... 58 percent of firms reported [lack of] access to electricity, telecommunications, or transportation as 'major' or 'severe' obstacles to the operation and growth of their business," he said, adding, "This was a larger percentage of firms than [in] any other region in the world" to report such fundamental shortfalls.¶ "This situation has put the issue of infrastructure investment in the forefront of the economic agenda in many Latin American countries," he said. "[But] the region's high public debt level and tight constraints on the availability of public investment funds make it difficult to simply ask governments to increase public investment in infrastructure."

#### Investing in Mexican infrastructure will allow their trade to reach it’s potential

Edmonson, 2011 (R.G., Washington Bureau Chief for the Journal of Commerce, “Two-Pronged Threat in Mexico”, Journal of Commerce, <http://www.joc.com/regulation-policy/transportation-regulations/two-pronged-threat-mexico_20110620.html>, PB)

It's just one troubling sign among many in Mexico that threatens to put a cap on trade growth with the United States' third-largest trading partner just when the opportunity is greatest: With Chinese labor costs and fuel prices soaring, talk is heating up about near-sourcing, the shift of manufacturing and production closer to destination markets. For the U.S., that potential near-sourcing center is Mexico.¶ But with the spike in violent crime and, perhaps more important, infrastructure that hasn't kept pace with trade growth, Mexico's potential could be limited if it fails to act.¶ Trade volume has grown, but the physical infrastructure has not, and the growing pressure of people and goods on the physical plant is only getting worse.¶ "Ten years after 9-11, we still haven't invested sufficiently in our ports of entry, our inspectors and the technology to support them," said Kenn Morris, president of Crossborder Group, a San Diego-based research firm specializing in the economy on both sides of the southern border.¶ The U.S. Chamber of Commerce this month joined the quest for a better border with a report outlining steps to enhance trade facilitation and security. Its recommendations include greater public and private investment in border infrastructure, an upgrade of the Customs-Trade Partnership Against Terrorism and a similar cargo security program in Mexico. The report also calls for immigration reform and improved travel and tourism opportunities.¶ "Infrastructure costs a lot of money, and there isn't a lot of money out there," said Adam Salerno, director of national security and emergency preparedness for the U.S. Chamber. "But the fact remains that we have a significant number of recommendations that don't really cost anything. We can take C-TPAT to the next generation with a higher level of security and better trade benefits to justify the cost of being in the program."

#### Investment is needed to strengthen trade between Mexico and the US

Wilson and Lee, 2013 (Christopher and Erik, “The State of Trade, Competitiveness and Economic Well-being in the U.S.-Mexico Border Region”, The Wilson Center, June 2012, <http://www.wilsoncenter.org/publication/the-state-trade-competitiveness-and-economic-well-being-the-us-mexico-border-region>, 7/1/2013, PB)

Commerce between the United States and Mexico is one of the great—yet underappreciated—¶ success stories of the global economy. In fact, in 2011 U.S.-Mexico goods and services trade ¶ probably reached the major milestone of one-half trillion dollars with virtually no recognition.1¶ The United States is Mexico’s top trading partner, and Mexico—which has gained¶ macroeconomic stability and expanded its middle class over the last two decades—is the ¶ United States’second largest export market and third largest trading partner. Seventy percent ¶ of bilateral commerce crosses the border via trucks, meaning the border region is literally ¶ where “the rubber hits the road” for bilateral relations. This also means that not only California ¶ and Baja California, but also Michigan and Michoacán, all have a major stake in efficient and ¶ secure border management.¶ Unfortunately, the infrastructure and capacity of the ports of entry to process goods and ¶ individuals entering the United States has not kept pace with the expansion of bilateral trade or ¶ the population growth of the border region. Instead, the need for greater border security ¶ following the terrorist attacks of 9/11 led to a thickening of the border, dividing the twin cities ¶ that characterize the region and adding costly, long and unpredictable wait times for ¶ commercial and personal crossers alike. Congestion acts as a drag on the competitiveness of ¶ the region and of the United States and Mexico in their entirety. Solutions are needed that ¶ strengthen both border security and efficiency at the same time. The development of the 21st¶ Century Border initiative by the Obama and Calderón administrations has yielded some ¶ advances in this direction, but the efforts need to be redoubled. ¶ Moderate investments to update infrastructure and to fully staff the ports of entry are certainly ¶ needed, as long lines and overworked staff promote neither efficiency nor security. But in a ¶ time of tight federal budgets, asking for more resources cannot be the only answer. Strategic ¶ efforts that do more with less, improving efficiency and reducing congestion, are also needed. ¶ Trusted traveler and shipper programs (i.e.the Global Entry programs, which includes programs ¶ such as SENTRI, FAST, C-TPAT) allow vetted, low-risk individuals and shipments expedited ¶ passage across the border. Improving these programs and significantly expanding enrollment ¶ could increase throughput with minimal investments in infrastructure and staffing—all while ¶ strengthening security by giving border officials more time to focus on unknown and potentially ¶ dangerous individuals and shipments

## 2AC – Illegal Immigration

### UQ – Illegal Immigration Now

#### The number of illegal immigrants in the US is growing exponentially

ADRIAN FLORIDO ⋅ MAY 10, 2013 ⋅ “11 Million and Growing: Breaking Down the Number of Undocumented Immigrants in the US” <http://www.theworld.org/2013/05/11-million-and-growing-breaking-down-the-number-of-undocumented-immigrants-in-the-us/> MLF

There’s one number in the news quite a bit recently—11 million. It’s the estimated number of immigrants living in the US illegally—and it’s the most cited statistic in the immigration reform debate. But how did we even get to that figure? Who are the 11 million? Is it even the best number to use?¶ And it’s a number that Jeffrey Passel has tracked probably more than anyone else. He’s a senior demographer at the Pew Hispanic Center. To reach 11 million, he crunched government data and used a formula. “The total number of immigrants, minus the number of immigrants here legally, is the number here without authorization,” he said. Sounds simple, but it’s not. In fact, 26 years ago, when Ronald Reagan signed an amnesty for 3 million immigrants, there was much disagreement over how to calculate the number. Many people argued there were three to four times that many immigrants without authorization living in the country. Pew’s formula uses Labor Department survey data that includes workers’ country of origin to estimate the total number of immigrants in the country. It subtracts the number admitted legally based on federal immigration statistics. Then it makes some statistical adjustments to reach the 11 million estimate. “Today there’s a much broader agreement about how many people we’re talking about and about who we’re talking about,” Passel said. So then, let’s accept that 11 million figure as the number of people here without documents. That’s more than the total population of Greece, by the way. But who are they? Some of what the Passel has found is probably no surprise. About six million of the 11 million are Mexicans. Sixty percent are men. A majority live in large states like California, Texas, Illinois, and New York. But more than four million immigrants without legal status now live in the Midwest and the South—with states like Georgia and Oklahoma seeing this population rise fast. More of the US now has a stake in the immigration debate. “It’s part of, I think, the demographic underpinnings of what’s turned this into a national debate instead of a local debate,” Passel said. There are also hundreds of thousands of Salvadorans, Guatemalans, Chinese, Koreans and Filipinos. Some entered legally, didn’t plan on staying—but did. “Forty percent entered the country through a port of entry, and then just overstayed their visas,” said Ben Winograd, a former attorney at the American Immigration Council, based in Washington DC. A photo of Joaquin, Gloria Mejia’s youngest son. He is a US citizen, while Mejia remains an immigrant living in the US without proper documentation. (Photo: Adrian Florido) And if you look harder at the 11 million, another picture emerges—one of families. The majority of undocumented immigrants, both men and women, live with their families. So under one roof, there can be a mix of legal status: A dad without papers, a daughter who’s a citizen, an older brother who’s not. Families like that of Gloria Mejia can show how complicated it can get. On a recent afternoon she was picking her 8-year-old son Joaquin up from school in San Diego. Mejia is undocumented, but her son is a citizen. She said her being undocumented has hurt her children. “It makes me sad that I can’t help them more,” she said. Even Joaquin, her only child who’s a US citizen, has been affected. He wanted to join a soccer team. But the team would travel to tournaments outside California, and Mejia would need to help chaperone. But she’s afraid to travel, and risk deportation, so she told her son no. “That example you’ve given is so perfect. That you can’t travel across states to participate in a soccer tournament,” said Michael Fix, a senior vice president of the Migration Policy Institute. “It may mean that a mother is less likely to go to a PTA conference.” Michael Fix is with the Migration Policy Institute. Research shows, he says, that children who are US citizens—but whose parents are undocumented, in the shadows—are set back cognitively, socially and educationally. So, when we think about the estimated 11 million people here illegally, demographer Jeff Passel says it’s important to also think about the 4.5 million US citizen children with undocumented parents. “Instead of 11 million people we’re talking more about 16 million,” Passel said. That’s a considerably larger number than the 11 million we so often hear, but Passel said it might be just as important.

#### NAFTA has caused a decrease in Agricultural Output leading to immigration

Baumann 1/11 (Susana, the Director of LCSWorldwide A multicultural expert and a published author,” Mexican Farmers Affected By Agricultural Subsidies From NAFTA, Other International Agreements, <http://www.huffingtonpost.com/2013/01/11/mexican-farmers-agricultural-subsidies_n_2457845.html>, ME)

The impact of NAFTA and other international agreements in combination with U.S. agricultural subsidies expel millions of Mexicans and other rural workers from their countries of origin into the United States territory every year. According to Wise, who carried out a comparison of farm product prices in the U.S.-Mexico trade between 1997 and 2005, Mexico was flooded with agricultural imports exported at prices below production costs. In his research, the eight products studied included corn, soybeans, wheat, cotton, rice, beef, pork and poultry. All products showed significant increase in exports—from the lowest 159 percent in soybean to the largest in pork exports at 707 percent. For all products, Mexican producers’ prices fell from 44 to 67 percent from early 1990’s levels, declining local production and increasing import dependency. Mexican crop production also fell except for corn and meats, which at lower prices, was rapidly adopted for consumption in the Mexican families’ diet. “An estimated 2.3 million people have left agriculture in a country desperate for livelihoods,” said Wise. The study estimated that the cost to Mexican producers was around $12.8 billion in the nine-year period, more than 10 percent of the U.S.-Mexico agricultural trade value annually. The other cost, the one that we, north of the border pay, is the constant migration of these displaced rural workers into the United States.

### UQ – Current Invest Fails

#### The current subsidy system fails

LA Times 10 (“Mexico farm subsidies are going astray,” <http://articles.latimes.com/2010/mar/07/world/la-fg-mexico-farm-subsidies7-2010mar07>, ME)

Reporting from Mexico City — When Mexico and the United States were entering a landmark free trade agreement 16 years ago, one thing was clear: Mexican farmers would initially find it difficult to compete with heavily subsidized U.S. agricultural products.¶ The solution: Mexico created a special fund to dole out cash to the poorest and smallest farmers.¶ Somewhere along the way, something went wrong. Today, the fund -- far from helping the neediest -- is providing large financial subsidies to the families of notorious drug traffickers and several senior government officials, including the agriculture minister. Revelations of how and to whom the money is being distributed have led to a spasm of demands from legislators to change the system. But, as with most examples of colossal corruption in Mexico, it is unlikely that the program will be overhauled.¶ Its failure has driven tens of thousands of subsistence farmers to ruin and encouraged the planting of illegal crops, such as marijuana and opium poppy, on vast tracts of farmland, experts and officials say.¶ "It would be a mistake to eliminate the program altogether, but the lists [of beneficiaries] have to be purged," said Mauricio Merino, an investigator with an economics think tank in Mexico City and an expert on the subject. "Once you stop giving money to the poor, it opens the window for everyone to start collecting."¶ Under the program, known as Procampo, an estimated $1.3 billion was given last year to 2.7 million farmers. The allotment is about $74 to $100 per 2.5 acres. But, according to several academic studies, as much as 80% of the money went to just 20% of the registered farmers.¶ Among the most eyebrow-raising recipients were three siblings of billionaire drug lord Joaquin "El Chapo" Guzman, head of the powerful Sinaloa cartel, and the brother of Guzman's onetime partner, Arturo Beltran Leyva.¶ Guzman has been a fugitive since escaping from a prison in 2001, more or less the year his family began receiving thousands of dollars in farm subsidies to grow, ostensibly, corn, sorghum and sesame.¶ Beltran Leyva was also a fugitive for many years until he was killed in a shootout with Mexican marines late last year. Younger brother Carlos, despite his own brushes with the law, has been receiving regular subsidies for a decade or more.¶ Many of the details on the recipients were first published in the newspaper El Universal, which obtained some of the information through the Mexican equivalent of the Freedom of Information Act.¶ The Times has learned that another top associate of Guzman, Victor Emilio Cazares, received more than $100,000 from Procampo to subsidize his raising of cattle. Like many suspected big-time traffickers, he maintains legitimate crops and livestock alongside his alleged illegal business. Much of the corruption crept into the Procampo program early on, Merino said. In a misguided, easily abused effort to promote transparency, the money was assigned by property, instead of to individuals. The aim was to prevent people with political connections from moving to the front of the line. In fact, the process meant that big property-holders could apply for each ranch, farm and plot of land they owned. Only last year was a cap placed on how much an individual could receive.¶ In the meantime, others who reaped bountiful benefits were Agriculture Minister Francisco Javier Mayorga Castaneda, along with his father and four siblings, as well as a number of politicians and large transnational food-production companies. Mayorga says he started receiving the subsidies before he was named a Cabinet minister, so he has no reason to return or refuse them.¶ He also says the families of narco-traffickers cannot be denied subsidies unless the registered plot of land is shown to be sown with illicit crops.¶ Mexico in the last 20 years has morphed from a country that fed itself to an importer of food, as thousands of farmers have abandoned the land and sought jobs in cities. The failure of the Procampo program also has helped drive many smaller farmers into the network of drug traffickers.¶ Ricardo Garcia Villalobos, head of a federal court that handles agrarian issues, said 30% of Mexican farmland is planted with such illegal crops as marijuana and poppies instead of, or sometimes alongside, traditional corn and beans.¶ "It is necessary," Garcia said, "that the government now see and treat this problem as a matter of national security."

### Solvency – US Key + Solves Illegal Immigration/Border Congestion

#### Only direct US investment solves – eliminates any incentive for undocumented migration and relives congestion at the border

Hing 11 – Law Prof @ U of San Francisco

Bill Ong, Control the Border: Invest in Mexico, 7/12, <http://www.huffingtonpost.com/bill-ong-hing/invest-in-mexico_b_896473.html>, CMR

If you believe that undocumented Mexican migration is a problem, and you believe that the reason most undocumented migrants come to the United States is to work, then it really does not take a brain surgeon to understand that the way to address the challenge is to help Mexico with its economy and its own unemployment problem. This is especially so if you realize that Mexico has lost countless jobs since NAFTA went into effect in 1994.¶ The effect that bailing out the Mexican economy would have was illustrated in a long-term survey of emigration patterns done by Douglas Massey of Princeton showing that interest in heading to the United States had fallen to its lowest level since at least the 1950s. "No one wants to hear it, but the flow has already stopped," Massey told the New York Times. "For the first time in 60 years, the net traffic has gone to zero and is probably a little bit negative." The primary reasons: The Mexican birth rate has fallen to about two children per woman from nearly seven in 1970; Mexico's education system and economy have improved to a point more young people choose to stay (per family income is up 45 percent this decade); and drug violence along Mexico's border is likely deterring those who do think of crossing. It seems that stepped-up border enforcement and Arizona SB1070-type laws have little to do with the decline.¶ Whether or not you believe that "net traffic has gone to zero," for those who advocate control of the borders there is everything to gain by pushing for greater investment in Mexico. On a recent visit to Vietnam, I was struck by the serious efforts that the United States has engaged in over the past decade to help Vietnam with its economy, by entering into a bilateral trade agreement, pushing for its entry into the WTO, and encouraging investment in Vietnam. Likewise, the United States needs to consider an investment model -- with close monitoring of that investment -- in Mexico as part of comprehensive immigration reform. Reducing undocumented migration is in Mexico's interest as well; the persistent loss of able-bodied workers needed to build its infrastructure and economy cannot be good for Mexico.¶ Before the international financial crisis, the European Union -- through its European Social Fund -- invested huge sums in roads and education in roads and education in new, poorer member states and narrowed their income gap with the rest of Europe, and workers stayed home because jobs were created. Similarly, the three NAFTA countries should establish a fund to invest in roads, telecommunications, and postsecondary education in Mexico. Mexico lacks the capital to build the infrastructure that is necessary to narrow the gap with Canada and the United States. If its northern neighbors contributed 10 percent of what the EU spends on aid, with wise investments in infrastructure and education, Mexico could experience growth at a rate twice that of Canada and the United States. Building up the central part of the country could relieve congestion at the border, and the whole system could be better managed. Former Mexican President Vicente Fox has urged the United States to invest 2 percent of its GDP in Mexico to narrow the wage gap while helping the economies of both countries to compete with China.¶ Focusing on the educational system in Mexico is also key. Mexican students fall near the bottom in cross-country comparisons on basic literacy, math, and science. While the education level of adults in the U.S. is almost thirteen years, in Mexico, the level is about seven. This low level has severe implications for competitiveness and the standard of living of Mexicans.¶ Investments in Mexico also have to be targeted. Mexico's domestic industries need help, for example, by using domestic parts and supplies in production imports. Businesses need financing; many are facing international competition from places like China. The rural areas of Mexico really suffered under NAFTA. Subsistence farmers in Mexico were not given assistance or time to make adjustments under NAFTA. Nothing was done to help protect their income as trade conditions changed. The development of fruit and vegetable production can absorb some of the rural workers who have been displaced. Serious investment in new technologies in small and medium-size industries also is necessary. Some of this can be achieved through tax incentives to spur economic growth in the country's interior.¶ If we are to solve the challenge of undocumented Mexican immigration, heavy investment in Mexico's infrastructure and economy must be made. The EU did this successfully in bringing in poor nations, avoiding huge migration from poor to wealthy member nations and creating more jobs at home. All three NAFTA countries have much to gain from this approach.

### Solvency – Illegal Immigration

#### Plan is the best way to combat illegal immigration

Hing 9 – prof of law @ U of Cal, Davis

Bill Ong, “Obama Can Solve Illegal Immigration—Bail Out Mexico”, April 16, <http://news.newamericamedia.org/news/view_article.html?article_id=220fe8253bac7836ebe4fd13dfade361>, CMR

The White House announcement that it will tackle comprehensive immigration reform this year is good news for the roughly 12 million undocumented immigrants in the United States and their supporters. However, if the package does not include at least the first steps toward helping Mexico improve its economy and infrastructure, undocumented Mexican migration will not be solved permanently. ¶ As the White House was making its announcement on reforms, however, the Border Patrol reported increased migrant border deaths along the southern border, in spite of a decrease in arrests. In other words, migrants keep coming in spite of the militarization of the border and immigration raids. While Mexicans are not the only undocumented immigrants in the country, they make up almost 60 percent. To understand undocumented migration, we have to look beyond the simple explanation that many cross the border looking for work; we have to ask why they cannot find what they want in Mexico. ¶ Comprehensive reform no doubt will include much-needed proposals for increased family and employment-based visas. Expanding those categories is necessary and will help reduce the pressure that leads to unauthorized border crossings. But at the end of the day, reducing the substantial flow across the southern border will require the expansion of the economy and job growth in Mexico, so that more Mexicans will be able to stay home. Obama recognized this a year ago when he stated: “To reduce illegal immigration, we also have to help Mexico develop its own economy, so that more Mexicans can live their dreams south of the border.” ¶ In 1994, we were told that NAFTA would solve the undocumented problem because jobs would be created in Mexico. But NAFTA contributed to huge job losses in Mexico. Mexican corn farmers could not compete with heavily-subsidized U.S. corn farmers, and now Mexico imports most of its corn from the United States. Because of globalization, 100,000 jobs in Mexico’s domestic manufacturing sector were lost from 1993 to 2003. ¶ Where do those out of work farm workers and manufacturing employees look for work? El Norte. ¶ When the European Union experienced its own push to expand its ranks to include poorer nations, member countries faced similar concerns. Because membership includes the right to open labor migration for all nationals of EU countries, the wealthier countries worried that as soon as membership was granted, there would a flood of workers from poorer nations into the wealthier ones. Beginning with the 1973 EU enlargement to include Denmark, Ireland, and the United Kingdom, the British insisted on an approach to aid poorer regions. When Greece (1981), and Portugal and Spain (1986) were added, all three nations, as well as Ireland, received infusions of capital and assistance with institutional planning. ¶ The approach worked. Their economies transformed, Ireland, Portugal, and Spain, who were all emigrant-sending nations prior to EU membership, now are net immigrant-receiving nations. Today, only 2 percent of EU citizens look for work in other EU countries. ¶ Likewise, the United States needs to consider the EU model and include investment – with close monitoring of that investment – in Mexico as part of comprehensive immigration reform. Reducing undocumented migration is in Mexico’s interest as well; the persistent loss of able-bodied workers needed to build its infrastructure and economy cannot be good for Mexico. ¶ At the end of the day, economic investment in Mexico is what’s needed to solve the undocumented migration challenge.

#### Plan is the only long-term solution to illegal immigration

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

This will not affect undocumented migration in the short-term but it is the only ¶ solution in the long-term. It will take decades to close the gap but, if Mexico begins to ¶ grow faster than its northern neighbors, this will affect the perceptions of people in all ¶ three countries. Mexicans might begin to believe in their country’s future and, instead of ¶ calculating ways to cross the border, they might invest in their region.

#### NAFTA and subsidies cause rural poverty and high immigration, Investment solves

Burstein 07 (John, President of Foro para el Desarrollo Sustentable conducted

research sustainable development and served as facilitator for the Task Force on U.S.-Mexico Agricultural Cooperation, U.S.–MEXICO AGRICULTURAL TRADE AND RURAL POVERTY IN MEXICO, <http://www.wilsoncenter.org/sites/default/files/Mexico_Agriculture_rpt_English1.pdf>, ME)

Rural poverty is one of the major reasons for the significant development gap between Mexico and the United States and one of the principal “push-factors” in Mexican migration to the United States. Furthermore, the persistence of rural poverty strains the social fabric, at a moment when the Mexican political system is more fragile than it has been in the recent past. Finally, the array of rural production systems is threatening the sustainability of Mexico´s natural resource base. For all these reasons, agricultural policy and the effects of bilateral integration of the agri-food industry are important for policymakers. All wish that small-scale producers prosper, which usually means entering the formal economy and, sometimes, export markets. However, there are several reasons why most small-scale farmers regard the transition to export agriculture as risky or impractical. They have limited access to infrastructure, credit, or appropriate technology to achieve competitiveness in the liberalized agricultural markets. Public investment in the sector, deemed inefficient, was dismantled in the 1990s and never fully replaced by innovative alternatives. Overall small-scale farmers have gained in targeted welfare programs but lost in productive investment. On balance, a large number of asset-poor rural households prefer the relative security of the possession of a plot of land and the option to experiment, at the margin, with economic diversification in higher-value agricultural or non-farm products and services. Keynote speaker Alain de Janvry discussed the World Bank’s World Development Report 2008, which examines agriculture as a tool for development. For countries like Mexico, with relatively high levels of rural poverty that have not declined concurrently with national economic growth, national governments should consider agriculture’s potential contribution to aggregate growth. Public and private investment opportunities may emerge from increasingly dynamic local markets, a new generation of low-input technologies, and growing demand for global public goods (including environmental services). He noted that investments targeted at small farmers are considered by some to be the most cost-effective instrument for reducing poverty, while failing to make these investments creates a drag on the economy overall. This is particularly true when environmental externalities – such as soil erosion, and biodiversity loss, including from excessive monoculture – are internalized in the economic modeling. The complete liberalization of corn and beans, pending in 2008, worries many small farmers as well as some international economists. They fear that if U.S. and Canadian corn and beans have a lower sale price, they will flood the Mexican market, thus reducing options even further for the roughly 15% of the population that still depends, at least in part, on selling their excess production of corn in local markets. There is also concern that U.S. farmers could plant more white corn and export it to Mexico where it is used for tortillas, or that yellow corn, now mostly used for animal feed, may substitute for white corn in tortillas, both delivering negative impacts to small farmers. For many small-scale producers, the underlying issue is that U.S. agricultural producers are more highly subsidized and have an unfair advantage in binational agricultural trade. Leaders of Mexican and U.S. farmers’ organizations, as well as some researchers, describe a crisis brewing among small-scale farmers. Free trade in corn and other commodities, coupled with the drop in public investments in small-scale agriculture, have reduced farm income, which has been devastating for as many as three million small producers, according to Victor Suárez, president of a national small producers’ organization. Katherine Ozer, director of the National Family Farm Coalition seconded this concern and noted that even most U.S. family farmers benefit little from farm subsidies or expanded agricultural exports. Representatives of both the Mexican and U.S. producer organizations underlined the importance of refashioning agricultural policies to ensure food security.

### MPX – Education

#### Illegal immigration hurts public education and stretches state resources Valparaiso University Law Review 11 <http://scholar.valpo.edu/cgi/viewcontent.cgi?article=1896&context=vulr> MLF

As illegal immigration has increased and the federal government has been¶ unable to effectively combat the problem, some states have alternatively tried to¶ solve the problem by themselves. 17¶ 1 In the mid-1970s, Texas passed a law that required illegal immigrants to pay tuition upon enrolling in public¶ schools. " However, the Supreme Court struck down the statute as a¶ violation of the Equal Protection Clause."7 As a result, the Supreme Court¶ has required the states to educate illegal immigrant students. 74 In addition,¶ states must also provide illegal aliens with public health care and detain them if¶ they commit a crime.'75 Very recently, however, states with large illegal immigrant populations claimed that they could no longer bear such costly¶ services, and they have sued the federal government for reimbursement.'76¶ Furthermore, California passed a referendum to restrict illegal aliens from¶ receiving these benefits.'7

#### The large number of illegal immigrants prove to be costly to the Public Education system

T. Izumi 2010 “Educating illegal immigrants is costly” <http://www.ajc.com/news/news/opinion/educating-illegal-immigrants-is-costly/nQjSw/> MLF

As the debate on illegal immigration rages in Washington and state capitals, it’s troubling to see both sides rely on emotional rhetoric to the detriment of facts. The impact of illegal immigration on public education is a case in point.¶ No one can deny that increasing numbers of children of illegal immigrants attend public schools in the United States and that U.S. taxpayers pay the costs. Those sympathetic to illegal immigration tend to remain silent about these costs, while illegal-immigration opponents often fall short on specifics. In the interest of more informed discourse, here are the numbers.¶ According to a study released last year by the Pew Hispanic Center, as of 2008, 11.9 million illegal immigrants lived in the United States, more than triple the 3.5 million who lived in the country in 1990.¶ Among the states, California has the largest number of illegal immigrants with 2.7 million, nearly double the 1.4 million in Texas. California’s illegal-immigrant population has swelled by 1.2 million since 1990, while Texas has added a million. A large proportion of illegal-immigrant households are families.¶ Nearly half, 47 percent, of illegal-immigrant households consist of parents with children. This proportion is more than double that of U.S.-born households, where just 21 percent are parents with children. Over the years, the number of children of illegal immigrants has increased significantly.¶ In 2003, there were 4.3 million children of illegal immigrants. By 2008 that number had climbed to 5.5 million, more than the entire population of Colorado. The large number of children of illegal immigrants greatly impacts public schools and education-funding costs.¶ The Pew study found that in 2008, “Children of unauthorized immigrants are 6.8 percent of students enrolled in kindergarten through grade 12,” an increase from the 5.4 percent in 2003. The proportion was double in California, where 13.5 percent of k-12 students in 2008 were the children of illegal immigrants.¶ Given these percentages, cost estimates of educating these children are staggering.¶ The U.S. Census Bureau just released 2008 figures showing the national average total per-pupil funding from all revenue sources was $12,028. Although estimates of the number of school-age children of illegal immigrants don’t separate those attending public vs. private schools, it’s reasonable to assume that nearly all attend public schools since most come from lower-income families. Therefore, if one multiplies $12,028 by the roughly 3.7 million students with illegal-immigrant parents, then one gets a national total funding cost of $44.5 billion. In California, total funding per pupil from all state, federal and local revenue sources was $11,649. With roughly 923,000 students in the state with illegal-immigrant parents, these students represented a total cost of nearly $10.8 billion out of a total 2008 k-12 education budget of $72 billion. An important caveat is that these totals rely on average per-pupil funding numbers.¶The actual cost of schooling these children could be higher because many education dollars are earmarked for special purposes. At the federal level, Title I funds are sent to schools to support disadvantaged children, which benefits many children of illegal immigrants. In California, the state’s Economic Impact Aid program provides tax dollars to fund English-language acquisition, which aids children of illegal immigrants. Capital costs for school construction may have increased at a higher rate because of the influx of children of illegal immigrants.¶ Although almost three-quarters of the children of illegal immigrants were born in the United States and are therefore citizens, had their parents not entered the U.S. illegally these children likely wouldn’t be in U.S. public schools and wouldn’t require taxpayer funding. Thus, it’s fair to say that their education cost stems from their parents’ illegal entry into this country.¶ The public-education establishment can’t have it both ways on this issue. The Los Angeles school board, for instance, harshly criticizes Arizona’s immigration enforcement law, but also complains about its own budget shortfalls. The numbers, however, confirm that illegal immigration imposes large costs on the public school system. Policymakers should acknowledge and wrestle with this expensive reality instead of satisfying themselves with cheap rhetoric.¶

#### Illegal immigrants impact both our health and Public education

CIS 06 “Immigration's Impact on Public Coffers”http://www.cis.org/node/565 MLF

In my own research I have focused on fiscal costs at the federal level. It should also be noted that in the 1997 NRC study, The New Americans, mentioned above, the estimated lifetime fiscal drain at the state and local level from all immigrants (legal and illegal) was negative $25,000. That is, immigrants cost state and local governments $25,000 more in services than they paid in taxes in the course of their lifetimes. Some newer data exist to estimate the impact of illegal on state and local governments in such areas as health care and public education. The estimates below provide some insight into the likely impact of illegal immigration at the state- and local-government levels on these two key public services. Below I discuss only the impact of illegal immigration.¶ Health Care. In 2004, state governments spent $125 billion on Medicaid, health insurance coverage for those with low incomes.5 Based on prior research, some $2.1 billion of that money went to persons in illegal-alien households, mostly to their U.S.-born children.6 Data from 2005 also indicated that of the 45.8 million uninsured people in the country (persons on Medicaid are considered to have insurance), some seven million, or 15 percent, were illegal aliens or the young U.S.-born children (under age 18) of illegals.7 State and local governments spend some $12 billion on treatment for the uninsured.8 Thus, it seem likely that illegals and their children cost state and local governments some $1.8 billion on top of the $2.1 billion spent on Medicaid. In total, the best available evidence indicates that illegal immigration costs state and local governments some $4 billion a year. The federal government likely spent an additional $6 billion on health care for illegals and their children in 2004.¶ Public Education. State and local governments spent some $400 billion on public education in 2003. Between 5 and 6 percent of all children in public schools are themselves illegal aliens or are the U.S.-born children of illegal aliens. Putting aside the higher costs associated with educating language-minority children, the costs of providing education to these children still comes to $20 to $24 billion for state and local governments. The federal government also provides funding for public education, a significant share of which is specifically targeted at low-income, migrant, and limited English students. The Federation for American Immigration Reform estimated that the costs of educating illegal alien children at all levels of government, including federal expenditures, was nearly $12 billion in 2004; and when the children born here are counted, they estimated the figure at $28 billion.¶

#### Increase in illegal immigrants is deteriorating our public education system

CAIRCO 2 “Education degradation and school overcrowding - consequences of mass immigration” <http://www.cairco.org/issues/education-immigration> MLF

The huge educational impact of mass immigration includes:¶ Without school-age immigrants and the children of immigrants, school enrollment would not have risen at all during the past decade.¶ One in every five students has an immigrant parent. One-quarter of these children were foreign-born.¶ Immigration will account for 96 percent of the future increase in the school-age population over the next 50 years.¶ School enrollment increased by 14 percent between 1990 and 2000. U.S. school enrollment is at an all-time high. At 53.1 million students, current enrollment exceeds the record set in 1970 by the baby boomers.¶ About 14 percent of schools exceed their capacity by six to 25 percent, and eight percent exceed it by more than 25 percent. To alleviate overcrowding, more than one-third of schools use portable classrooms, and one-fifth hold classes in temporary instructional space, such as cafeterias and gyms.¶ Enrollment in grades 9-12 is projected to reach an all-time high of 15.8 million in 2005. Total enrollment will reach 55 million by 2020 and 60 million by 2030, according to the U.S. Department of Education. By 2100, the nation's schools will have to find room for 94 million students - almost double the number of school-age children the nation has now.¶ The California State Department of Education estimates that 16 new classrooms will need to be built every day, seven days a week, for the next five years. That's effectively one new school per day! The number of teachers will need to be doubled within ten years, meaning that 300,000 new educators will need to be required.¶ Immigration will account for 96 percent of the increase in the school-age population over the next 50 years. If mass immigration continues, the education of all children in America will continue to be undermined. Education costs will continue to escalate and quality of education will continue to decline.¶ The total K-12 school expenditure for illegal immigrants costs the states $7.4 billion annually—enough to buy a computer for every junior high student nationwide.¶ For more information, see the full report, No Room To Learn - Immigration and School Overcrowding, Federation for American Immigration Reform.¶ Also see Breaking the Piggy Bank: How Illegal Immigration is Sending Schools Into the Red, Federation for American Immigration Reform.¶ The total K-12 school expenditure for illegal immigrants costs the states $7.4 billion annually—enough to buy a computer for every junior high student nationwide.

### MPX – Education K Competitiveness

#### Education is key to US competitiveness

American Security Project 5/28 “Education: Key to American competitiveness”<http://americansecurityproject.org/blog/2013/education-key-to-american-competitiveness/> MLF

The ability of American firms and workers to compete successfully in a globalized economy is directly dependent upon the quality of education our students receive. American Competitiveness is therefore linked with the success of the U.S. primary, secondary, and higher education systems. As the U.S. has declined in competitiveness rankings, both the American Security Project and Harvard Business School have cited education reform as a necessary step to enhance the ability of the U.S. to compete abroad. Additionally, former Secretary of State Condoleezza Rice stressed the importance of improving American education for U.S. competitiveness and national security imperatives. She discussed the national security threats created by a weak education system’s effect on the quality of the Foreign Service, military command, critical technology, and intelligence gathering.¶ The root of America’s “education problem” lies within the standard K-12 school system. The decreasing quality of schools, teachers, and curricula has led to a lack of skilled laborers. The education problem is exacerbated by the growing disparity of “quality” amongst schools across the country. Students whom come from families of higher socio-economic standing are more likely to live in areas with strong tax bases to support high-quality public schools. Further, students from these backgrounds are much more likely to attend private school alternatives. In contrast, students in poorer areas are less able to afford private schooling and thus are more likely to be trapped in school systems that lack resources. In order to develop the large number of skilled students demanded by private firms such as defense contractors, all children in the United States need universal access to high quality K-12 education and curricula that prepares them for productive work upon graduation.¶ Large scale education reform is impossible without strong investment for the provision of resources to create quality facilities, attract effective teachers, and provide beneficial curricula/programs. Ultimately, public-private cooperative partnerships must be fostered to aid in education reform. Effective forms of private participation in public education include formal apprenticeships, partnerships with local community colleges and technical schools, and investment in local, regional, and national education initiatives that promote excellence and growth via scholarships, competitions, and school grants.¶ Students and schools in the state of Maryland have been able to experience the benefits of such investment as businesses have begun funding STEM education courses and activities across the state. Much needed education advances have been made as activities such as Howard County’s STEM Festival promote exciting learning and skill-building amongst students. Additionally, organizations such as the NSA, US Naval Academy, and CDC attend such events along with private firms like Northrop Grumman. The involvement of defense, Foreign Service, and intelligence organizations help to create a strong link between a greater focus on education and the need for students with critical skills to keep America atop research, development, and technological national security imperatives. Private enterprise will see the benefit of investment in education as there demand for skilled laborers is more readily met.¶ In addition to the problems within the K-12 education system, America faces constraints created by the extremely fast-paced rise of college tuition. The continued push for all students to complete some form of higher-education has resulted in record numbers of students going on to colleges and universities. Large applicant pools combined with drastic drops in state funding have led such institutions to push tuition higher and higher each year. The importance of a college education has pushed students to continue going to school at very high costs, thus providing no incentive for schools not to raise prices. Throughout his time in office, President Obama has attempted to combat the high student debts and barriers to college entry that high tuitions present. He has warned that schools that drive up costs will be striped of federal aid as those that show restraint and value will be rewarded. These threats must carry weight should we hope to curb the financial behavior of colleges and universities.¶ The increasing availability of student loans is merely treatment for the symptoms of the problem, not the root cause. An arrangement similar to that advocated for public-private partnerships in K-12 education may assist in preventing continued high-rising college tuitions. As state governments need to recognize the need for investment in education even in times of fiscal austerity, so too do the firms that require the high-quality skill sets that institutions of higher education build in students.¶ Education is the key to our future. This view, although, at this point possibly cliché, rings true across all sectors that comprise American Competitiveness and national security. A strong United States of America requires quality and affordable education to be accessible for all. Smarter and more skilled students on the whole will drive a strong economy and defense industrial base through higher productivity and innovation.

## 2AC – North American Integration

### Solvency – Integration

#### Now is the key time for North American integration – the plan would create a seamless market and reinvigorate relations

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

NAFTA promoted competition transformed three national markets into a continental market, but in the absence of measures to govern the continental space, it failed to solve problems like harmonizing truck standards or unifying regulations on candy. It also did not share the gains of trade, and thus income disparities widened.¶ The changes within and between the three countries are still not widely understood. Mexico, the poorest and most stratified, experienced the most profound modernization and democratization. While Mexico's middle class grew the fastest, those who were better off and in the north benefited more. Canada kept its fiscal house in order and thus experienced a positive economic jolt, but 9/11 confounded their manufacturing strategy and, together with the speed bumps and potholes, the country found its entire economic trajectory at risk. Canada's dependence on the U.S. market deepened, but the United States treated the convergence of the two economies as if it had not happened.¶ The groups in the United States that opposed NAFTA initially blamed it for the decline of manufacturing and the rise of immigration. The drug-related violence in Mexico that exploded during the Felipe Calderon administration led to a higher degree of collaboration between Mexico and the United States on security issues, but at the same time, it harmed the perception of Mexico and diverted the governments from an agenda of economic cooperation.¶ Obama sought to warm the two bilateral relationships, but his agenda was so full - with two wars, a deep recession, and health insurance - that he could not devote the time or political capital to refashion the North American relationship. This is the political context that explains why the three governments failed to take any steps to flatten the speed bumps, fill the potholes, eliminate the roadblocks, tear down the walls, and stop extracting tolls in the absence of roads. Real integration stalled and went into reverse. The costs of doing business among the NAFTA countries increased.¶ With the election of a young and vigorous President in Mexico, and the re-election of Barack Obama in the United States, the two governments [\*21] have another chance to restore the promise of North America. Obama and Pena Nieto should join with Prime Minister Stephen Harper to propose a "North American Community" that would invigorate the three economies, improve competitiveness vis-a-vis Asia and Europe, enhance continental and public security, address more effectively the new transnational agenda, and design 21st century, lean but effective tri-national institutions.¶ The vision that undergirds this proposal is based on a principle of interdependence--if one country suffers a setback, all are hurt, but a success in one helps the others. The principle is simple, and often voiced by leaders, but they rarely act on those principles. If the United States actually accepted its "shared responsibility" for the drug problem, it would not permit the 7,500 gun shops on the U.S. side of the border to sell assault weapons to the drug cartels. If all three countries actually incorporated a sense of Community, they would advertise "Buy North American" instead of respective national products.¶ The word "Community" refers to a group in which the members feel an affinity and desire to cooperate. It is not a Union, and the NAFTA countries' relationship would differ from Europe's, though it should try to learn from EU experiences in order to avoid mistakes and adapt successes. A "Community" should be flexible, allowing for the three countries to define the new relationship that they would seek.¶ In December 2011, the United States and Canada presented "Action Plans" on the border and regulatory convergence. The United States and Mexico repeated the same exercise. The three countries restated the goal on borders that they did a decade before in the two "Smart Borders' Agreement"--to make the border efficient and secure. And they affirmed the need to harmonize regulations just as they did in 2005 when they established the Security and Prosperity Partnership--to avoid "the tyranny of small differences in regulations" that serve only to protect companies rather than consumers. Instead of taking actions, the Plans actually proposed studies and pilot projects. The leaders called the plans "game-changers," but anyone who bothered to read them knew they were playing the same games.¶ It is clear that the only way to move forward on the agenda is for the leaders to give North America a high priority and organize their governments to accomplish their goals. They will also need tri-national institutions, because the three governments are not designed to think continentally. They should start with a North American Advisory Commission to do research and prepare continental options for all three leaders to consider and choose at annual summits. They should encourage the two bilateral legislative committees to merge into a single North American Parliamentary Committee.¶ The three leaders of the nations should call for a North American Plan for Transportation and Infrastructure, and establish a North American Investment Fund that would connect the poorest southern regions of [\*22] Mexico with the richer North American market. Such a Fund would create the infrastructure in the south of Mexico that would attract investment and jobs and thus reduce migration to the border and the United States.¶ To create a seamless market, the three countries should negotiate a Common External Tariff. This would eliminate the excessive "rules of origin" tax of about $ 500 billion per year, and the common tariff would yield about $ 45 billion per year, which could be placed in the North American Investment Fund to build continental corridors. With a sense of Community, the three governments could then eliminate unnecessary border restrictions, expand educational opportunities across the continent, harmonize and lift environmental and labor standards, and train tri-national teams of customs officers. These steps would begin to invigorate the sleeping giant of North America.¶ In November 2011, President Barack Obama toured Asia and committed the United States to negotiating a "Trans-Pacific Partnership" (TPP) in order to harness Asian dynamism for the benefit of the U.S. economy. This seems like a good idea, but is actually a strategic mistake because it diverts scarce U.S. attention from a project that would have a more profound and positive effect on the U.S. economy and society--deepening economic integration in North America.

#### The plan solves, Cooperation between the US and Mexico creates North American regional integration and stability.

Zamora 2011  
 Stephen Zamora Leonard B. Rosenberg Professor of Law, University of Houston Law Center. Villanova Law Review 2011 Villanova Law Review 56 Vill. L. Rev. 631 RETHINKING NORTH AMERICA: WHY NAFTA'S LAISSEZ FAIRE APPROACH TO INTEGRATION IS FLAWED, AND WHAT TO DO ABOUT IT Lexis

As already noted, the NAFTA governments did not stress that there was a geopolitical dimension to the free trade agreement. Nevertheless, it is easy to see that the three NAFTA countries are bound by geography to be concerned about the security and stability of our NAFTA partners. Entry of proven terrorists into the United States from Canada is well-documented. n76 The largest national security concern the region, however, revolves around the increased violence and the growth of organized crime in Mexico. The crime wave in Mexico is closely linked to North American integration, for the reasons that follow. Corporations - Ford, Apple Computers, Walmart, Home Depot - are not the only manufacturing and distribution networks of a trilateral nature that have grown with the increase in NAFTA trade and investment. The wave of organized crime in North America is fueled by illicit drug trafficking carried out through distribution channels between Mexico and the United States, the principal drug market in the world. n77 For many years, the [\*649] United States government has quietly supported the replacement of single-party government in Mexico by a system of free elections with power shared by three principal political parties. Unfortunately, democracy has also brought greater instability, through the lack of a majority party in Congress and a weakening of the Mexican president as a stable (if previously undemocratic) force to govern Mexico. n78 We ignore the geopolitical effects of increased economic integration in North America at our own peril. The United States is not immune from the effects of instability or insecurity in Mexico, any more than Canada is immune from instability or insecurity in the United States. NAFTA has advanced the process of interdependence by demolishing barriers to trade and investment, and North America governments and their citizens must devise ways to manage this interdependence. The architects of the European Union, striving for a continental union of countries with even more widely divergent levels of development than exist in NAFTA, recognized the need to reduce national disparities in poverty and income levels to promote stable development. To that end, the EU has followed a general policy of social cohesion, devoting billions of euros to achieve an approximate convergence of social and economic indicators. n79 As I have proposed elsewhere, the NAFTA parties should follow a similar approach by creating a North American Regional Development Fund that would commit the NAFTA governments to a policy of promoting social convergence in North America. n80 A North American Regional Development Fund would use funding from all three NAFTA governments to promote infrastructure development in economically depressed regions in Canada, Mexico, and the United States. Such a proposal runs counter to our history. The United States has historically provided scant foreign aid to Mexico, due in part to Mexican reluctance to adhere to U.S. policies and also to U.S. perceptions that foreign assistance [\*650] was unnecessary because of stability insured by single party rule in Mexico. With Mexico undergoing a period of destabilization (which coincided with the arrival of competitive democracy in 2000), the United States has dramatically increased its foreign aid to Mexico, but most of the funding has been directed to military and national security funding. n81 Such a level of military aid would not be needed, however, if the NAFTA governments invested with foresight in programs designed to forestall the criminality and destabilization that occurs under conditions of poverty and poor education. IV. International Relations in an Era of Disaggregated States and the Role of Civil Society in Mediating Integration The failure of NAFTA's governments to mediate the effects of economic integration and globalization is prejudicial to a stable economy and society in North America. The answer to instability and disruption will not be found in military measures or in the construction of fences along our borders, but rather in multilateral cooperation. Dr. Isabel Studer, a Mexican expert in North American affairs, has clearly identified the shortcomings of laissez faire integration in North America: The three [NAFTA] countries should begin by recognizing how their failure to act collectively is undermining the potential benefits accrued from their complementarities and the already high levels of integration in North America. New forms of cooperation and policy coordination are certainly in the realm of the possible, but the essential ingredients are political leadership and the kind of collaboration and commitment between the public sector and the private sector that brought NAFTA to life in the early 1990s. In the absence of these factors, and of a more institutionalized framework, it is difficult to imagine how the NAFTA countries can resolve common transnational problems in such strategic areas as migration and labor disputes, climate changes, and energy. n82

### UQ – No Integration

#### North American integration is failing – post 9/11 security measures and lack of infrastructure

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

"Economic integration within North America is not only inevitable; it is also irreversible," insisted Thomas D'Aquino, one of Canada's most effective and relentless advocates for trade and investment in North America. n4 The truth, however, is that interdependence is neither inevitable nor irreversible; indeed, it stalled mainly because of 9/11 and has been declining since. On that day, the U.S. government ordered officials at all 300 land, sea, and air ports-of-entry in the United States to a "level one threat status," which meant complete examination of everything approaching the border. n5 Within one hour, the two borders virtually shut down.¶ The United States did not need to inform Canada and Mexico what happened because the whole world saw the attack on television, but [\*11] Canadians and Mexicans would have appreciated being consulted or even just informed of the decision to close the borders. Both countries immediately felt the consequences. The impact of shutting the two borders was equivalent to damming two huge, raging rivers.¶ Within two days, the lines of trucks waiting to cross Ambassador Bridge into Detroit stretched for twenty miles. By then, Ford, which used its Windsor location to supply parts for eight of its fifteen U.S. plants, was forced to shut down five of its assembly lines and one other plant. Chrysler shut all of its plants. Toyota cancelled shifts in its Kentucky plants. In San Diego, traffic stalled for eight hours. President Fox later described the economic aftermath in Mexico as "cataclysmic." n6¶ When governments cannot locate a policy to respond to a crisis of the magnitude of 9/11, they tend to choose one of two "default options:" they go to war or reorganize the government. The Bush administration did both. Bush went to war against the Taliban in Afghanistan, and soon overthrew the regime. Establishing a stable government to replace the Taliban proved to be a lot harder than either.¶ The job of reorganizing the U.S. government seemed more mundane, but, in the long term, it might prove even more consequential. The President signed into law in November 2002 a law establishing the Department of Homeland Security (DHS). The bill did this by combining twenty-two existing agencies with 200,000 employees. It was the second largest government reorganization in American history, after the establishment of the Department of Defense (DOD) in 1947. As with the case of the DOD, the implications of the decision to set up the DHS will reverberate in the United States and the world for decades.¶ The mission of the new bureaucracy was simple and repeated as a mantra by every DHS official: "Close the door and stop terrorists!" In a politically correct age, targeting potential suspects is viewed as "profiling," and to avoid being "politically incorrect," DHS targeted everyone. It discarded the welcome mat and harassed everyone trying to enter the country legally.¶ Canada and Mexico were just gearing up to partner with the United States to create "the most efficient border in the world" when they realized that they had been transformed from policy makers to policy takers. Border efficiency had been replaced by border security, and Canada and Mexico were on the other side of a new fortified border.¶ In an interview with Joseph Misenhelter, the Director of Homeland Security in San Diego, in October 2008, he acknowledged that, since 9/11, DHS officers on California's border had not arrested a single person coming from Mexico for being suspected of terrorism. This was not for want of trying, and it also wasn't because few people cross the border. Since 9/11, the California border has been legally crossed from the south more than 500 million times - on average, about eighty-five million per [\*12] year. n7¶ This was also true of the Canadian border. There, DHS officers were more evasive in answering the question how many people have been arrested at the border for suspicion of terrorism, usually mentioning "that a terrorist incident" had occurred.¶ When one asks for specifics, they refer to the "millennium" bomber, but he was arrested by a border guard in Washington State in 1999 - nearly two years before 9/11.¶ The costs and consequences of creating a mountain of restrictions since 9/11 have been exorbitant for the hundreds of millions of people who cross the Mexican and Canadian borders each year, but because most of these costs are not widely known, we suffer them quietly.¶ The problem is that within North America, businesses are not just selling products, they are increasingly making products together. These joint efforts need a "flat" terrain. Security restrictions are like speed bumps; they disrupt traffic and add to the cost of doing business. No one would question their utility if they stopped terrorists, but there is little evidence of that. This is not to suggest that we should open the borders and let everyone pass, but we should raise questions as to the effectiveness of the post-9/11 strategy and open our minds to the possibility of alternatives.¶ We have created problems on our borders and in our relationships with our neighbors since 9/11, but the more serious problem is what we have not done. When trade tripled, we should have built more highways to connect the North American market, but at that very moment, a movement emerged in the United States to stop construction on a mythical twelve-lane superhighway from Mexico to Canada. The groups, which include a resurgent John Birch Society, identify themselves as opponents of the North American Union - also an illusory target. They fear that the highway aims to undermine the sovereignty of the United States and facilitate migration. The fact that no such highway is either being built or even contemplated has not deterred these groups; indeed, their hysterical videos seem to grow in number and intensity.¶ While their fears of a highway are surreal, their concerns about illegal migration are shared by a broader constituency. Indeed, when Congress reviewed the immigration issue in 2006, the only part of a very complicated bill that was approved was to construct a wall. Instead of eliminating the speed bumps and filling in the potholes or approving comprehensive immigration reform, the United States Congress funded a wall across 670 miles of its border with Mexico. n8 The declared purpose was to stop terrorists, undocumented workers, and drug traffickers.¶ [\*13] Of course, a wall will not stop all illegal transactions. About 40 percent of undocumented workers - including the 9/11 terrorists - enter the United States legally with visas, and then overstay. Drug traffickers are very adept at finding new routes. A wall can reduce illegal migration and crime, but usually only at a few places on the border. The problem with the wall was that it sent a message to Mexico and to Mexicans in the United States that we view them as the problem. On the northern border, the added restrictions are an annoyance, a serious cost to commerce, and a signal that the United States really does not trust Canadians to look after shared security concerns.¶ North America's problems are speed bumps (the new 9/11 restrictions), potholes (the failure to maintain or build roads and infrastructure), roadblocks (policies that prevent trucks from transiting the border or picking up return shipments), and hidden tolls (concealed taxes that encourage inefficiency and the lack of harmonized regulations). Together, these problems have hobbled North America, insulted our neighbors, and been so costly as to have turned the North American advantage into a disadvantage.

## 2AC – Mexico Relations

### UQ/Solvency

#### Both the governments are interested in deepening relations

**Martin- 13** (Gary, , “Obama Plans to Visit Pena Nieto in May,” My San Antonio, 3/27/13, http://www.mysanantonio.com/news/article/Obama-plans-to-visit-Pe-a-Nieto-in-May-4390214.php)

WASHINGTON — Economic ties, enhanced border security and U.S. immigration reform will be on the agenda when President [Barack Obama](http://www.mysanantonio.com/?controllerName=search&action=search&channel=news%2Flocal&search=1&inlineLink=1&query=%22Barack+Obama%22) visits Mexican President [Enrique Peña Nieto](http://www.mysanantonio.com/?controllerName=search&action=search&channel=news%2Flocal&search=1&inlineLink=1&query=%22Enrique+Pe%C3%B1a+Nieto%22) in May, officials said Wednesday.¶ It will be the first meeting in Mexico City between Obama and Peña Nieto since the Mexican president took office in December.¶ The two met at the White House to discuss bilateral issues just days before Peña Nieto took office.¶ Obama's trip is being billed as a goodwill journey. It includes stops in Mexico and Costa Rica to meet with leaders from Central America and the Dominican Republic.¶ Obama spoke with Peña Nieto by phone Wednesday and accepted his invitation to discuss bilateral issues in Mexico City, the White House said.¶ “The president welcomes the opportunity to discuss ways to deepen our economic and commercial partnership,” White House spokesman [Jay Carney](http://www.mysanantonio.com/?controllerName=search&action=search&channel=news%2Flocal&search=1&inlineLink=1&query=%22Jay+Carney%22) said.¶ Obama will meet with Peña Nieto on “a broad array of bilateral, regional and global issues that connect our two countries.”¶ The meeting was first announced in Mexico by the foreign minister.¶ Obama will travel May 2-4.¶ The president's trip will be closely watched by Texas officials.¶ Rep. [Joaquín Castro](http://www.mysanantonio.com/?controllerName=search&action=search&channel=news%2Flocal&search=1&inlineLink=1&query=%22Joaqu%C3%ADn+Castro%22), D-San Antonio, said the meeting was an opportunity for the two presidents to continue their discussion on border security, trade and improving relations.¶ “Obviously, Texas has a lot at stake with the U.S. relationship with Mexico,” said Castro, a member of the [House Foreign Affairs Committee](http://www.mysanantonio.com/?controllerName=search&action=search&channel=news%2Flocal&search=1&inlineLink=1&query=%22House+Foreign+Affairs+Committee%22).¶ Castro said that as both economies become entwined, more wealthy Mexicans are calling American cities such as San Antonio and Houston their home.¶ “So we need to continue to work on our relationship,” Castro said.¶ Last year, Peña Nieto said the two countries needed to go beyond the drug war to improve conditions on the U.S.-Mexico border, where understaffed and underdeveloped ports of entry have led to long delays at bridges and rail crossings.¶ Peña Nieto also urged Obama and U.S. lawmakers to shift priorities away from the armed fight with narco traffickers and instead focus on education and economic growth.¶ Obama is pushing the new Mexican administration to continue the fight against organized crime and the cartels blamed for escalating violence in Mexico.¶ The United States has provided $1.6 million in assistance to the drug war since 2007 as part of an initiative to curb trafficking.¶ The war has had U.S. casualties.¶ The 2011 death of Special Agent Jaime Zapata, serving with Immigration and Customs Enforcement in Mexico, has become a rallying cry for U.S. lawmakers who want to step up the fight against the cartels.¶ Zapata, a Brownsville native, was serving as an adviser when he was shot dead in an ambush carried out by members of the Zetas cartel in Mexico.¶ In addition to the drug war, the two leaders are expected to continue their discussion on U.S. immigration reform.¶ In December, Obama told Peña Nieto that he would push Congress to pass immigration reform and seek measures that protect the human rights of migrants in this country.¶ The two presidents pledged to work for a safe, modern border that reflects the symbiotic relationship between the countries. RQ

#### ****The US and Mexico are signaling a desire for improved bilateral relations—but economic ties are key****

Castillo 5/2 (Mariano, News Desk Editor at CNN for Latin America, “Securtiy Dominates Talk of U.S.-Mexico Relations,” CNN, 5/2/13, http://www.cnn.com/2013/05/02/world/americas/mexico-us-relations)

(CNN) – Ahead of their meetings in Mexico City this week, President Obama and Mexican President Enrique Peña Nieto hinted that they wanted to put economic ties atop their agenda.¶ But reports that Mexico is restructuring the way it cooperates with American officials on security matters -- in essence restricting communication -- threaten to impose a shadow over the positive economic story the leaders want to tell.¶ The apparent friction highlights the critical security relationship and illustrates the complexities of U.S.-Mexico relations.¶ "We spend so much time on security issues between the United States and Mexico that sometimes I think we forget this is a massive trading partner, responsible for huge amounts of commerce and huge numbers of jobs on both sides of the border," Obama said this week.¶ But writing a new narrative on U.S.-Mexico relations that doesn't lead with Mexico as a major transit point for narcotics, or the United States as a market hungry for the drugs, isn't easy.¶ That was made clear by the spate of news reports this week on both sides of the border about changes to how Mexico cooperates with the Americans.¶ Under the new rules, all U.S. requests for collaboration with Mexican agencies will flow through a single office, Interior Minister Miguel Angel Osorio Chong confirmed to Mexico's state-run Notimex news agency.¶ It is a drastic change from recent years, when U.S. agents enjoyed widespread access to their Mexican counterparts.¶ So in the days leading up to Obama's arrival in the Mexican capital, the buzz was not about the economy, but whether Mexico was being uncooperative with the United States.¶ Osorio Chong downplayed the idea that the change signified a retreat in security cooperation.¶ The United States "should have the confidence that things are on a good path," he told Notimex.¶ In a conference call with reporters, Obama administration official Ben Rhodes said it was natural that Peña Nieto, who has been in office for only five months, would want to revisit its security structure.¶ "We're currently working with the Mexicans to evaluate the means by which we cooperate, the means by which we provide assistance, and we're certainly open to discussing with Mexico ways to improve and enhance cooperation, streamline the provision of assistance," said Rhodes, who is the deputy national security adviser for strategic communications. "Our goal is not to have a certain amount of presence in terms of security efforts in Mexico; it's to cooperate with the Mexicans so that we can meet the interests of both our countries."¶ But analysts say impact of the changes should not be underestimated.¶ U.S. officials who had built rapport and personal relationships with Mexican counterparts now have an obstacle to their communication, said George Grayson, an expert on Mexican security issues and professor of government at the College of William & Mary.¶ "The door is not wide-open like it used to be," he said.¶ There is a lot to boast of on the economic front, but security will likely remain a key part of how U.S.-Mexico relations will be judged.¶ Among U.S. officials, there is an unspoken concern about whether Peña Nieto will merely give lip service to the the idea of security cooperation or whether he will provide real substance, said David Shirk, former director of the Trans-Border Institute in San Diego.¶ "I've talked to many people at very high levels that have expressed these concerns," Shirk said. "There is a kind of wait-and-see attitude. I think U.S. ofificals want to give Peña Nieto the benefit of the doubt."¶ What is clear is that Peña Nieto rejects the "kingpin" strategy of his predecessor, Felipe Calderon, who made the capture of cartel leaders the centerpiece of his security plan.¶ A number of high-ranking drug cartel leaders were killed or captured during Calderon's term, but the results usually backfired -- new leaders rose in their place, rival cartels fought for the leftovers and a high level of violence persisted.¶ Peña Nieto has talked about focusing on violence reduction, and engaging in educational, social and economic reforms. But this broad vision has not yet produced a defined security strategy.¶ "The question is, what (do) you replace the kingpin strategy with?" Grayson said.¶ The changes to protocols between U.S. and Mexican officials are likely part of the process to figure that out, but one that could rankle the United States, said Tony Payan, a Mexico expert and fellow at the James A. Baker III Institute for Public Policy at Rice University.¶ The previous strategy of identifying kingpins and going after them suited the United States, which has the tools and capabilities to aid in those operations, Payan said. A more hands-off approach may not go over well.¶ "Clearly, there is disagreement on how to approach this issue," he said.¶ When Obama and Peña Nieto speak publicly together on Thursday and Friday, their economies will be the easy things to talk about, Payan said. Half a billion dollars in trade is indeed something to brag about, and is a storyline that has been overlooked too often.¶ Obama and Peña Nieto are expected to trumpet these achievements to the press.¶ "I think the ugly part of the conversation (about security) will be in private," Payan said. RQ

#### Current relations are hampered by lack of a broader agenda—the plan’s economic dialogue is the next step for reversing that

Fossett 4/30 (Katelyn, , “In U.S.-Mexico Relations, a Shift from Security to Economy,” Inter Press Service News Agency, 4/30/13, http://www.ipsnews.net/2013/04/in-u-s-mexico-relations-a-shift-from-security-to-economy/)

WASHINGTON, Apr 30 2013 (IPS) - Ahead of President Barack Obama’s trip to Mexico and Costa Rica, experts here are expecting that security will take a back seat to issues of economic cooperation between the U.S. and Mexico.¶ But some Washington advocacy groups are sounding alarms about shifting away too soon from critical security and rights concerns.¶ “A lot of the focus is going to be on economics,” President Obama told reporters Tuesday. ”We’ve spent so much time on security issues between the United States and Mexico that sometimes I think we forget this is a massive trading partner responsible for huge amounts of commerce and huge numbers of jobs on both sides of the border.¶ “We want to see how we can deepen that, how we can improve that and maintain that economic dialogue over a long period of time,” he continued.¶ This shift is notable, as issues of security, law enforcement and combating crime formed the backbone of U.S.-Mexican relations during the previous Mexican administration.¶ “Even before [former Mexican President Felipe] Calderon took office, it was part of the discussion with the U.S., and the U.S. and Mexican administrations went on to develop a close and complex relationship on security matters,” Eric Olson, associate director of the Latin America programme at the Woodrow Wilson Center, a Washington think tank, told IPS.¶ President Obama is slated to meet with Mexican President Enrique Pena Nieto later this week before meeting with Costa Rican President Laura Chinchilla.¶ “President Obama having a visit [early in his second term] symbolises the importance of Mexico to the U.S.,” Chris Wilson, an associate at the Mexico Institute, a think tank here, told IPS.¶ The United States is Mexico’s largest trading partner, and the two countries engaged in nearly [500 billion dollars](http://www.census.gov/foreign-trade/balance/c2010.html) worth of trade in 2012. Much of that trade is in what are known as intermediate inputs, referring to semi-finished U.S. goods that are finalised with Mexican resources, a process seen as increasing the competitiveness of both countries.¶ Remittances sent home from Mexican immigrants living in the United States are also a substantial factor in the countries’ economic ties, totalling more than 20 billion dollars last year.¶ The upcoming summit’s focus on economics squares with a narrative gaining traction in media coverage and academic circles in recent years that paints a picture of an economically booming Mexico.¶ “During the administration of Calderon, the perception of Mexico in the media was largely one of drugs and violence – the headlines about Mexico were about drugs and trafficking, organised crime, gruesome violence,” Wilson recalls.¶ “But the new [Mexican] administration has come in at a time when economic growth is pretty robust. They are trying their best to shift the narrative of Mexico by talking more about these economic issues: the reforms that are happening in Mexico that will promote growth, new investments coming into Mexico that will promote growth.”¶ Development’s Achilles heel¶ Still, for a country like Mexico that is still struggling with issues of citizen security and rampant crime, many suggest that economic growth would have to start from the bottom, with more robust social programmes and safety nets, before the international community becomes too optimistic about economic and trade booms.¶ Cynthia Arnson, director of the Latin America programme at the Wilson Center, calls Latin America “far behind” in developing policies that might leverage inclusive growth.¶ “There is not a sense of shared responsibility … when your social policy is remittance, when your lack of social policy is permitted,” she told reporters on Friday. The region, she said, needs “a widespread recognition of the role the private sector needs to play in paying taxes, improving government … [and] institutions.”¶ In a telephone interview with IPS, she noted that the U.S. relationship with Central America is likely to remain more focused on security concerns.¶ “There is a growing consensus in the development community that sustainable growth can’t and will not happen unless levels of violence are brought under control,” she told IPS.¶ The World Bank recently called citizen insecurity the “Achilles’ heel of development” in Latin America.¶ Members of the U.S. Congress and advocacy groups here are also wary of turning a blind eye to human rights concerns in Mexico.¶ “The dire human rights situation in Mexico is not going to solve itself,” Maureen Meyer, a senior associate for Mexico and Central America with the Washington Office on Latin America (WOLA), an advocacy group, said in a statement.¶ “As the bilateral agenda evolves, it is critical that the U.S. and Mexican governments continue to focus on how best to support and defend human rights in Mexico.”¶ In a press release issued last week, WOLA expressed agreement with a letter from 23 members of Congress to Secretary of State John Kerry that stressed that “[t]he human rights crisis will not improve until there are stronger legal protections, increased human rights training for Mexico’s security forces, and more government agents held responsible for the human rights violations they commit.”¶ Even as the focus of U.S.-Mexico relations turns to economics, there is no broad agreement on how exactly a shift toward trade relations will strengthen the “economic competitiveness” of both countries.¶ “Part of the challenge is that we have this term, but we have a laundry list of issues that could fit into that term,” the Mexico Institute’s Chris Wilson said.¶ “What we still don’t have is a coherent agenda or a way in which the leadership from the top level can engage the public or business community or civil society … and create something more [meaningful],” he told IPS. RQ

#### The US Mexico relationship will become a more powerful alliance, but to get there economic cooperation is necessary

**Acosta et al- 12** (Mariclaire, the Woodrow ¶ Wilson International Center for Scholars seized ¶ the opportunity to convene a high-level retreat of ¶ preeminent political, business, academic, and media ¶ leaders, Acosta was the project leader, *The Wilson Center,* “A Stronger Future: Policy Recommendations for U.S.-Mexico Relations,” March 2012, <http://sunnylands.org/files/posts/159/stronger_f.pdf>)

Continued and deepened security cooperation ¶ within the framework of shared responsibility is ¶ vital as Mexico struggles to overcome the scourge ¶ of organized crime and to build the rule of law, ¶ while the U.S. depends on its neighbors as part of ¶ its homeland security strategy. Nonetheless, the ¶ economic relationship should be at the heart of ¶ bilateral relations as the United States recovers from ¶ the global financial crisis and Mexico seeks to move ¶ from a middle-income to a high-income country ¶ within a generation. Labor mobility and human ¶ capital development, integral to growth in both ¶ countries, also remain important challenges. ¶ Both countries should engage much more on ¶ global issues, particularly trade agreements, the ¶ global financial architecture, and strengthening ¶ democracy in the hemisphere. Finally, the United ¶ States and Mexico continue to face the important ¶ challenge of building greater understanding ¶ between their people as the two countries move ¶ ever closer… The U.S.-Mexico relationship is among the most ¶ important and complex bilateral relationships ¶ in the world. The plethora of issues, actors, and ¶ stakeholders add political challenges to what ¶ at times appear to be common sense, win-win ¶ solutions. Such complexity should not lead to ¶ fatalism, but rather creative and intensive joint ¶ problem solving. Within the broad array of voices ¶ that take interest in the relationship, there exists ¶ the potential for alliances and coalitions powerful ¶ enough to overcome opposition and to achieve ¶ significant advances.¶ Right now, during the recover y from joint ¶ economic crises, cooperation to create jobs ¶ and strengthen the competitiveness of regional ¶ manufacturers offers a tremendous opportunity ¶ and should be at the center of the bilateral ¶ agenda. Prioritizing measures to enhance trade ¶ and reactivating the alliance between the private ¶ sectors of the United States and Mexico could ¶ change the tone and politics of the relationship. RQ

### MPX – Econ

#### Bilateral economic ties are beneficial

**Villarreal-12** (M. Angeles, specialist in international trade and finance, *Congressional Research Service*, “U.S.-Mexico Economic Relations: Trends, Issues, and Implications,” 8/9/12, http://www.fas.org/sgp/crs/row/RL32934.pdf)

The bilateral economic and trade relationship with Mexico is of interest to U.S. policymakers ¶ because of Mexico’s proximity to the United States, the high level of bilateral trade, and the ¶ strong cultural and economic ties that connect the two countries. Also, it is of national interest for ¶ the United States to have a prosperous and democratic Mexico as a neighboring country. Mexico ¶ is the United States’ third-largest trading partner, while the United States is, by far, Mexico’s ¶ largest trading partner. Mexico ranks third as a source of U.S. imports, after China and Canada, ¶ and second, after Canada, as an export market for U.S. goods and services. The United States is ¶ the largest source of foreign direct investment (FDI) in Mexico. ¶ The United States and Mexico have strong economic ties through the North American Free Trade ¶ Agreement (NAFTA), which has been in effect since 1994. Prior to NAFTA, Mexico had ¶ followed a strong protectionist policy for decades until it began to unilaterally liberalize its trade ¶ regime in the late 1980s. Not all trade-related job gains and losses since NAFTA can be entirely attributed to the agreement because of the numerous factors that affect trade, such as Mexico’s trade liberalization efforts, economic conditions, and currency fluctuations. NAFTA may have accelerated the ongoing trade and investment trends¶ that were already taking place at the time. Most studies show that the net economic effects of NAFTA on both countries have been small but ¶ positive, though there have been adjustment costs to some sectors within both countries. RQ

## 2AC – Energy Adv

### UQ – Must Focus on Western Hemisphere NRG Now

### UQ – No Development

#### Current administration efforts block possible development; need to increase investment in other countries

Salmon 2013 (Matt, Rep. from Arizona, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Mr. SALMON. Thank you so much for being here. I am usually overly concerned about time, so I apologize for keeping you waiting. The quorum is present, and the subcommittee will come to order. I am going to start by recognizing myself and the ranking member to present our opening statements. And without objection, the members of the subcommittee can submit their opening remark for the record. Now I yield myself as much time as I may consume for my opening statement. Good afternoon, and welcome to what is really part II of our sub-committee’s look at energy security and prosperity in the Western Hemisphere. Our last hearing focused on Canada and Mexico specifically. We had the opportunity to discuss the Obama administration’s unfortunate pattern of obstructing and delaying some of these energy-related projects, such as the Keystone XL Pipeline that will stand to benefit job creation and increased energy secu- rity.¶ We also talked about the real possibility of structural reforms to the Mexican state-owned oil company Pemex, and hope that these reforms will lead to increased production and increased prosperity for Mexico as well as the United States.¶ We also lamented the administration’s failure to send the trans- boundary Hydrocarbons Agreement with Mexico to Congress for approval, putting in question our Nation’s commitment to partnering with Mexico to improve its production and exploration in pursuit of energy security and mutual prosperity.¶ But I will say that at some of the recent meetings that we have had with the administration, I have been very pleased that language has been submitted that is acceptable to the administration. And I want you to know we are now doing everything we can to work with Members of Congress to move this forward as quickly as possible, because I think it’s a win/win.

Today we are going to take a look at the rest of the region and hear from administration officials, industry, and regional experts on what the energy matrix looks like in Latin America. I wanted this subcommittee to lead the discussion on how to focus on energy production in the Western Hemisphere, and how this focus should be centered on leveraging vast energy resources to help the region as a whole achieve energy security and prosperity through true market reforms to the sector and beyond.¶ The United States needs to be a constructive and willing partner in the region and truly become a shining example about how opening up energy regimes can help resource-rich nations create jobs, stimulate growth, and generate prosperity. Unfortunately, as we review the opportunities available, again we find some examples of the administration standing in the way of some of the initiatives that will benefit our Nation’s energy security and job creation. Similar to delays in the Keystone XL Pipeline approvals, the ad- ministration has been delaying approving of the LNG export licenses to the Caribbean, Europe, and Asia. And I hope to hear more about this from our witnesses. In my view, the delays are just more of the same, and I would like to—I believe it is important for this subcommittee to make clear we want to see the U.S. move forward with energy-related efforts and end some of the perceived stall tactics.¶ There is so much promise in the region, from pre-salt discoveries off the coast of Brazil to the successes brought on by Colombia’s en- ergy sector reforms, and, most importantly, from the oil and gas renaissance we have enjoyed right here in the United States. We are now in the great position to truly help our region achieve great- er prosperity, job creation, and energy security.¶ This subcommittee will be a loud voice in favor of exporting our values of free enterprise and open markets to the betterment of the region’s growth and energy security. I truly believe we have a real opportunity to achieve energy independence right here in this Western Hemisphere if we unlock our true potential.

### UQ – Current Programs Must be Expanded

#### US is making efforts now to invest in energy; greater reforms and transparency is needed to promote greater energy independence

ROONEY 2013(MATTHEW M., DEPUTY ASSIST- ANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AF- FAIRS, U.S. DEPARTMENT OF STATE, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Mr. ROONEY. Thank you, very much, Mr. Chairman, Mr. Ranking Member. Thanks for this opportunity to be here with you today to discuss these issues. We are grateful for this committee’s attention to this set of issues, and we look forward to working closely with you to advance U.S. energy security in the Western Hemisphere. ¶ As Ambassador Pascual has already noted, the Americas hold tremendous strategic importance for the United States in terms of energy. As energy demand continues to grow, both globally and in the region, all countries in the hemisphere have a vested interest in developing energy resources and the capacity to fuel sustainable economic growth. That is why the Bureau of Western Hemisphere Affairs has made it a central component of its economic strategy for the region for the last several years to conduct a dialogue with our partners throughout the region on energy, energy security, and renewable energy.¶ Through both bilateral and multilateral efforts, we have sup- ported renewable—we have supported regional energy security by promoting the safe, sustainable development of energy resources. We have promoted increased access to affordable, reliable energy services, and the development of transparent, effective market structures that incentivize private-sector investment and provide opportunities for U.S. businesses in the region.¶ In the coming years, we expect our energy interdependence with the region to increase, as oil producers such as Canada, Brazil, and Colombia ramp up output, and as Mexico considers important reforms to increase its production. But while countries like Canada, Mexico, Brazil, and Venezuela have significant hydrocarbon re- sources, others in Central America and the Caribbean remain de- pendent on imported energy. This is one of the many reason it makes sense to focus on the Western Hemisphere’s large potential for renewable energy. In many Latin American countries, hydropower has traditionally played an important part in the energy matrix. Most countries also possess significant wind, solar, geothermal and bioenergy potential, and a number are setting targets to integrate renewables in their energy grids.¶ Through the Energy and Climate Partnership of the Americans, which was launched by President Obama at the 2009 Summit of the Americans in Trinidad, the United States is working with gov- ernments, the private sector, and NGOs in the region to promote development and deployment of renewable resources and tech- nologies.¶ It is important to acknowledge that energy development projects even with conventional or renewable resources are not without controversy. In recent years large-scale hydropower projects have begun to attract more concern among human rights and environ- mental and indigenous groups. The construction of new trans- mission lines can improve the stability of power markets and lower prices for consumers, but their construction can also have adverse¶ environmental and community impacts. We have used diplomatic engagements through out the region to urge governments to take full account of these impacts.¶ From the point of view of the United States, our work on promoting renewables, access and reliability under ECPA and the Connect 2022 initiative supports not just regional market develop- ment, but, equally importantly, more importantly, significant trade and investment opportunities for U.S. companies. Increased elec- trical interconnection in the region will open opportunities for in- vestment in electrical generation and transmission, as well as good management technologies, all areas where U.S. businesses are highly competitive and where we work very closely with the De- partment of Commerce, the Export-Import Bank, and the Overseas Private Investment Corporation to ensure that the U.S. private sec- tor has up-to-the-minute information on opportunities that exist.¶ We still face major challenges in the Americas. Countries that have pursued statist, nontransparent energy policies have seen their production decline, despite the high energy prices of the past several years. These countries have found it difficult to attract the necessary investments, both foreign and domestic, to help their en- ergy production and economies grow. We continue nonetheless to advocate open and transparent energy markets free from corrup- tion and reinforced by strong protections for investment to help countries enhance output and promote long-term economic growth.¶ As our closest neighbors and strongest trading partners, the energy and economic security of the Western Hemisphere is critically linked to our own. We have maintained a sharp focus on furthering our national energy security, promoting alternative and renewable sources of energy, fostering energy efficiency, promoting environ- mentally sound production and use of energy, and ensuring the sta- bility and security of international energy supply. Continued progress will require patience, continued commitment and robust engagement, which our bureau, in partnership with Ambassador Pascual, are prepared to provide.¶ Thank you very much, Mr. Chairman, Mr. Ranking Member, other members of the committee, for your interest. I appreciate your willingness to enter the larger statement into the record and to present this shorter summary to you today. I appreciate very much your continued interest in this issue, and look forward to an- swering any specific questions or concerns that you might have.

### UQ – Mexico Preparing for Coop

#### Current Mexican administration establishing an environment for investment; US commitment key to success

PASCUAL 2013(CARLOS SPECIAL ENVOY AND COORDINATOR FOR INTERNATIONAL ENERGY AFFAIRS, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Ambassador PASCUAL. One of the things which President Pena Nieto has indicated is that his government and his party is very committed to pursuing comprehensive energy reform. It is a land- mark step for Mexico. As you know, natural resources, hydrocarbon resources in Mexico were nationalized in the 1930s. It is a national day in Mexico celebrating the naturalization of those resources.¶ But Mexico has also taken a very realistic perspective, under- standing that they haven’t had the capacity to develop deepwater resources or the kind of shale gas and shale oil potential that exists here in the United States. And in order to do that, it is going to require significant private investment.¶ The first step that President Pena Nieto has taken has been to work within his party to gain the endorsement of the party to actually move forward with comprehensive energy reform. They have been working across a triparty basis of three major parties to build support for that. They have indicated that they want to introduce that reform measure after they complete the telecommunications reform, which is currently in process of working itself through the political system. After going through the parliamentary process, it would have to pass through the states; 21 out of—23 out of 31 states are actually controlled by the PRI.¶ So there has been quite extensive effort that has been taken to build the coalition for the prospects of energy reform that would welcome the possibility of private investments in a way that protects Mexico’s resources, but allows them to be developed in participation with international actors. It is an issue which has very na- tionalistic resonance within Mexico. Mexico has to take the lead in it, because if they are not seen as leading, if it is seen as being op- posed by the outside, that will become a constraint. But at the same time it is quite impressive that there has been a measure, a set of measures that are being developed that are quite as com- prehensive and extensive as they are.¶ I would say, Mr. Chairman, as well, thank you for your mention of the transboundary issues, because I think one of the important steps that can be taken on the part of the United States is to indicate that we can pass the authorizing legislation for the trans- boundary agreement that would suggest that the U.S. is committed¶ to the agreement that we have already signed together with Mexico that would allow for exploitation and sound environmental management of those transboundary resources between our borders.

### UQ – Now Key Time

#### Now is critical time to invest; US situation allows for increased investment in Latin America, specifically Mexico & Venezuela

GOLDWYN 2013(DAVID L., PRESIDENT AND FOUNDER, GOLDWYN GLOBAL STRATEGIES,HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Mr. GOLDWYN. Thank you. We have heard a lot this morning about the impact of this tight¶ oil and gas boom on U.S. energy security. Certainly our self-sufficiency in gas lets us be an LNG exporter, but not only of LNG, but natural gas by pipeline to Mexico and potentially by compressed natural gas to the hemisphere. The real significance of this is that we can create a more competitive market for the hemisphere, which can lower price as well as lower emissions. Our oil production boom has strategic advantages as well. We no longer import light sweet crude. This was the essence of what we were seeking for decades in terms of security. With supply from Canada, we will have a limited amount of imported heavy crudes from outside the Continental North American Continent. Some of that will come from Saudi Arabia, through its Motiva refinery sys- tem, and the rest is really a competition between Saudi heavy, Ca- nadian, and Venezuela.¶ So our decisions that we make on that will be important, but it also means that with our self-sufficiency we are going to force the hemisphere, and, frankly, everybody else who is an oil producer, to adapt or die, essentially to be more competitive, because investment around the world in oil and gas as shifted dramatically to North America because we have market, we have terms, we have contract security, we have infrastructure. So the countries which have the state-led models are going to undergo a severe challenge, and the countries which have market-oriented models are going to attract more investment.¶ And this is really—this is the significance of what is happening to us, how it is going to shape the hemisphere. It is, frankly, an open question. It is a dramatic geopolitical pivot for us, because we have more physical security, and we have the ability to use exports as a tool of foreign policy. And it is going to take a while for Ameri- cans to get used to the idea that we are resource wealthy and not resource scarce. But we have this potential.¶ So the question is how do we make the most of this opportunity? And I have six suggestions. The first, we have to keep up the work on energy efficiency and renewables, because there is a huge amount which the hemisphere can do, particularly the Caribbean and Central America, to reduce its dependence on fuel. That will be an economic boom for them. And so we do important work there, and we should keep that going.¶ The second thing we need do is to spread this unconventional oil and gas boom to countries in the region. I began something called the Global Shale Gas Initiative when I was at the State Depart- ment; now it is called the Unconventional Gas Technology Assistance Program, but essentially teaching other countries how to produce unconventional oil and gas safely and efficiently. Let them grow their own. Some of that is about framework, some of that is about taxation, some of it is about infrastructure, but also it is about the technology and how to protect air and water. That brings to the table something that we want to talk about. And then we get to have the conversation about framework and corruption and other issues, which they may not want to hear, but that is the quid pro quo for having that conversation.¶ Third is to implement the transboundary agreement. We have talked about that a lot this morning, and it is very encouraging to know that there will be legislation from Representative Duncan to push that through. That is important for Mexico, because Mexico is also going to have to adapt, and Mexico’s national security inter- ests clearly are in our interests as well.¶ My fourth suggestion is a sharper focus on the Caribbean. And here I think the real choice for them is between fuel oil and gas. Renewables have a role to play, but they need base-level electricity. They are small islands, small markets, with small transportation distances. So the potential for gas penetration is quite large there.¶ The question is, how do they get it in? Now, they don’t need liquified natural gas. They don’t need that price, they don’t need to spend that money. Maybe compressed natural gas is the answer. So but if we can find a way to get it out, perhaps by finding it is in U.S. national interests for all gas exports to the Caribbean to be in the U.S. national interests, make it easy for the Department of Energy, and find how to get that in. What they need is an engi- neering study more than anything else to figure out as a practical matter what is the most cost-efficient commercial way to get that in. Maybe that is something that the committee could task.¶ Fifth, I think we need to reconsider our policy on exports. Now, with gas exports we have talked a lot about the Department of En- ergy’s process. I think they will get through that relatively quickly. I think when they look at the projects which are mature, in that they have gone through the prefiling process with FERC, they have filed their environmental reports, and they have a real contract, I think you will have a small number of projects that are ready to be permitted, and they will be permitted soon. But maybe there are smaller projects to export CNG to the Caribbean. They should get attention also.¶ So I think that will move along because it has huge benefits economically and for climate, but we are also going to have to start looking at oil exports, because we have a surplus of light sweet crude. We don’t have a place to put it. Rather than using it as blend stock with heavy crude to make a refined product, we might look at a way to swap that in the hemisphere and export as much light as we have heavy, because our primary customer base for the products and for the light crudes is in the hemisphere. So it is a great thing that we can bring to help them.¶ Lastly, I think we need to focus our diplomatic and commercial engagement in the hemisphere. We have a lot of fora, but we need to focus on Brazil, Mexico, Venezuela, and the Caribbean. And, in particular, if I can just say just a few seconds about Venezuela, the conversation is going to be difficult for a while, but we need to start talking to them again so when things turn and the wheels turn, we have people that we can talk to on the other side; reconnect with Pedevesa because they are going downhill, both in terms of where their market is and where their production is going and fiscal pressure. And so eventually things will change; we just need to be ready. Thank you.

### UQ – Mexico Open to Change

#### Mexico open to change from state control model

GOLDWYN 2013(DAVID L., PRESIDENT AND FOUNDER, GOLDWYN GLOBAL STRATEGIES,HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Mexico has been a long time reliable supplier, but its oil production has been falling steadily since 2004. Due to constitutional constraints, foreign involvement in upstream development and ownership of resources has been strictly limited. In 2008 minor reforms were undertaken that loosened those restrictions, granting PEMEX greater autonomy and making it possible for some private participation in exploration and production through incentive-based contracts with foreign oil companies, but the impact was minimal and production has continued to fall. In 2011, PEMEX announced the first production licensing round in Mexico in over 70 years, with 20 blocks noted for international bidders.25 For a number of years, analysts have noted that unless the Mexican government dramatically increases the amount of PEMEX earnings it can keep for capital investment (in 2004 PEMEX paid the government 60% of its revenues), the company would have significant difficulties in maintaining production, not to mention expanding into more technically complex and diverse resources. Mexico has enormous oil potential on its side of the Gulf of Mexico and a change in policy could both change global oil markets and create a formidable source of wealth for development of the country itself.¶ Change appears to be forthcoming for Mexico. In 2012 Mexico ratified the US-Mexico Trans-boundary Agreement that would permit foreign investment in the Mexican Gulf of Mexico if a trans-boundary reservoir were to be found, and if companies on both sides of the reservoir wished to cooperate. This is an effort I helped launch during my tenure at the Department of State. The US needs to adopt implementing legislation allowing the U.S Department of Interior to implement the agreement, and the US needs to notify the Congress, although it does not require Senate ratification in my view. More recently, the new government of President Enrique Pena Nieto has announced plans to undertake major reforms of the energy sector and conduct some experimentation with Mexico’s shale oil and gas reserves. Some analysts view these reforms with skepticism, noting that the constitutional nature of the restrictions on the energy sector may require that any reforms are backed by a constitutional amendment, but the initiative appears to be sincere. If the reforms are unsuccessful, the EIA estimates that Mexico, currently one of the largest sources of oil exports to the U.S., could see its production sink as low as 1.4 mbd by 2025, compared to 2.96 mbd in 2011. Any incremental step that Mexico can take would be helpful to the global oil market. I am optimistic that Mexico will make significant reforms, including constitution changes.

### UQ – Natty Gas

#### Mexican gas and oil reserves are an excellent investment opportunity for the US and Mexico must meet its growing demands for energy.

Esenaro, 2013 (Alberto, School of Law from Universidad Panamericana, LL.B; two Post-Graduate Specialisations from Instituto Tecnológico Autónomo de México, “MEXICO ENERGY SECTOR INVESTMENT OPPORTUNITIES: GAS IMPORTS”, <http://beforeyoudobusiness.com/archives/747>, LL)

Mexico, although it has what are potentially large amounts of shale gas and oil in its territory, isn’t producing nearly enough natural gas to meet the country’s growing demand for energy. The result is that for now and the foreseeable future, Mexico will need to import natural gas from the United States. While this might at first encourage companies to invest in American facilities and energy infrastructure projects north of the border, there are actually boundless opportunities to invest in Mexico’s energy sector as the Spanish-speaking north American country scrambles to provide energy for its expanding economy.¶ According to the U.S. Department of Energy, the amount of gas extracted from U.S. resources bound for Mexico will most likely double in the next year. There are several pipelines that will be constructed between the two neighbors and these are expected to transport an additional 3.5 billion cubic feet of natural gas per day by 2014. Last year, exports of natural gas from the U.S. to Mexico reached their highest levels in four decades, and there seems to be no sign that the level of exports will be slowing down.¶ According to the Energy Department’s Energy Information Administration, “Natural gas consumption is rising faster in Mexico than natural gas production, and as a result, Mexico is relying more on natural gas imports from the United States.” Although Mexico has traditionally relied solely upon the United States as a source of natural gas when its own resources were insufficient to meet demand, since 2006 Mexico has been looking for other overseas suppliers in a move to diversify its domestic energy sector.¶ As mentioned above, Mexico is sitting upon a tremendous amount of shale gas, and Pemex, the state oil monopoly, has reported that there are possibly 1 trillion cubic feet of natural gas – but production is idle. Presently, chances are that this resource will go undeveloped because private investors are not allowed to develop or implement projects dealing with the natural gas. However, Pemex has announced that given certain financial conditions, 24 shale gas wells may be drilled in the next eight or nine months.¶ So where do the investment opportunities exist for those who want to be profitably involved in Mexico’s energy sector? Are there any ways in which investors can benefit from Mexico’s natural gas crisis?¶ The good news is that while there might not be any opportunities in the natural gas extraction industry, there are ample opportunities in the pipeline projects. In order to meet demand, several pipelines will need to be constructed for United-States/Mexico natural gas transport. Furthermore, the Mexican state power company Comisión Federal de Electricidad (CFE), who has recently awarded billion-dollar plus pipeline construction contracts to the Calgary-based pipeline giant TransCanada Corp., might be looking for more pipeline construction companies to help meet its energy needs.¶ Speaking of his company’s 25-year natural gas transportation contract with the CFE, TransCanada CEO and President Russ Girling stated: “Mexico’s government is engaged in a comprehensive plan to expand the nation’s electrical grid and generating capacity and much of that generation will be natural gas fired. This award is another example of TransCanada’s commitment to help develop Mexico’s energy infrastructure in a sustainable and cost-efficient manner.”¶ To summarize, if the government decides to break the monopoly Pemex currently enjoys in Mexico, there will be great opportunities for early investors in natural gas extraction. However, even if this monopoly continues on for years, profit can be made from Mexico’s natural gas shortage. Pipeline infrastructure will be necessary and the CFE will possibly be financing many more projects in the years to come.

### MPX – Illegal Immigration

#### Energy investment is the perfect opportunity for the US to develop the Mexican economy which will lead to a decrease in illegal border immigration.

Farnsworth, 2013 (Eric, Vice President of the Council of the Americas; MPA in International Relations from Princeton¹s Woodrow Wilson School; Harry Truman Scholar “Viewpoints: What Should the Top Priority Be for U.S.-Mexican Relations?”, http://www.as-coa.org/articles/viewpoints-what-should-top-priority-be-us-mexican-relations#eric-farnsworth, LL)

A joint economic agenda is now more achievable than before.”¶ “Should be” and “will be” have frequently been two very different things in the U.S.-Mexico bilateral relationship. The coming year offers the opportunity for a new approach.¶ ¶ For their own domestic purposes and in the wake of their respective elections, the United States should quickly tackle immigration reform while Mexico should liberalize its energy sector.¶ ¶ In terms of the bilateral relationship, however, both governments (including their legislatures) should recognize the nature of economic integration that has occurred since NAFTA, making our two economies virtually inseparable, along with Canada, as a joint production platform. This new reality should both be celebrated and also enhanced. Joint approaches within the Trans-Pacific Partnership negotiations can be a means to achieve NAFTA 2.0. If coupled with a North American approach to potential trade negotiations with the EU, North American economic integration can advance to a point unthinkable even a few short years ago. With continued economic and commercial pressure from China, India, and elsewhere, this approach will support the long-term economic well-being of the United States and North America more broadly.¶ ¶ A joint economic agenda is now more achievable than before. The Hispanic community in the United States has found its voice politically, manufacturing is returning to the United States due to lower prices for natural gas, and, despite ongoing concerns about violence and the drugs trade, Mexico is doing well enough economically to entice investors back from China. Now is perhaps the best opportunity in recent memory to intensify economic collaboration. It should be the top bilateral priority.

### MPX – Economy

#### Mexico’s power sector offers attractive possibilities of investment to further both US and Mexican economic growth.

Barajas, 2013 (Dino, Partner at Morgan, Lewis & Bockius LLP; Partner at Paul Hastings Janofsky & Walker LLP, “Mexico's Power Sector Attracts New Investors”, Power, Finance and Risk, http://www.lexisnexis.com/lnacui2api/results/docview/docview.do?docLinkInd=true&risb =21\_T17717658865&format=GNBFI&sort=RELEVANCE&startDocNo=1&resultsUrlKey=29\_T17717658869&cisb=22\_T17717658868&treeMax=true&treeWidth=0&csi=318088&docNo=3, LL)

Opportunities abound in the Mexican energy market as investors rediscover one of Latin America's breakout markets. Forget sluggish economies in the U.S., the European Union and certain Asian countries; **Mexico has emerged as a** lightning rod for international infrastructure investment. As energy investors assess changing global opportunities, **Mexico continues to** offer numerous stable investment prospects. Mexico's investment-grade credit rating provides potential investors one of the few high quality investment environments in Latin America.¶ The Mexican economy has been bolstered by the strong international demand for its commodities and a competitive labor force favored by numerous U.S. industries following a re-evaluation of a production chain previously outsourced to China.¶ As a result, continued economic growth has strained Mexico's power generation and transmission systems. The long-term relative stability of Mexico's economy provides investors with safe, profitable power sector development opportunities. Savvy political technocrats in the country are using the current investment window to attract foreign investors.¶ With a change in administration following last year's presidential election and a push by the federal government to further modernize the country's infrastructure, **Mexico's power sector will** continue to provide opportunities for private equity investors, development companies, construction companies and lending institutions. One of the challenges is to understand the inherent risks of investing and operating in Mexico.¶ During the 1980s and 1990s, Mexico was a darling of the investment community. Many region-specific private equity funds emerged. Infrastructure development companies formed dedicated Latin American teams. But as competition for infrastructure development grew and profit margins declined, investors and developers soon turned to other markets-such as Eastern Europe, Russia, the Middle East and Asia-that were experiencing infrastructure development booms and offering more profitable investment opportunities.¶ Investors and developers also looked to the U.S. and Europe, which were experiencing economic prosperity and an aggressive infrastructure build-out. With this shift in regional focus, many private equity players and developers deemphasized their capital deployment efforts in Latin America and disbanded their LatAm teams.¶ The demise of these region-focused teams meant a loss of institutional knowledge for these firms and an opportunity for smaller regional developers to gain a foothold in Mexico. Now, as large institutional players return to the region, successful firms will need to retain external advisers with a deep knowledge of the Mexican market in order to judge market opportunities and investment risks.¶ The sharp reduction in power sector opportunities in the U.S. and Europe has catalyzed recent interest in Mexican power. Mexico's power sector has attracted attention from foreign investors, who have developed large fossil fuel-fired power plants, the culmination of 20 years of work by the country to leverage its strong credit rating and stable economic growth to attract investors.¶ In the early 1990s, the Mexican government embarked on a massive infrastructure build-out program in its electricity sector. Mexico developed a well-defined legal framework to permit private investors to participate in the development and ownership of power generation facilities to supply the national electric utility, Commission Federal de Electricidad, as well as large direct industrial customers. The CFE independent power project program has become one of the most effective international power plant development programs anywhere in the world.¶ The speed of power plant deployment and the low costs associated with the long-term energy pricing demonstrate the competitive and transparent bidding environment which CFE has fostered. CFE's IPP program allowed the government to refocus its own capital investments in the national transmission grid**.**¶ Private sector thermal power plant developments are the foundation of Mexico's modernized power sector. By promoting gas-fired plants to replace aging diesel and oil-fired units, Mexico has achieved cleaner-burning facilities and reduced the country's carbon footprint and inventory of conventional pollutants. Controlling the size and locations of the plants in each IPP request for proposals, CFE has been able to strategically leverage private investor funds to meet the public demand for electricity in regions of the country **is in greatest need of additional power generation capacity.** During the last 18 years of Mexico's IPP program, CFE has targeted power generation development in the most critical power starved regions of the country.¶ An unintended shortcoming of CFE's otherwise successful IPP program has been pressure on the country's natural gas supply. During the course of two decades, Mexico moved from a natural gas exporter to a net importer. Natural gas demand has increased to the point that Mexico has had to promote liquefied natural gas regasification facilities throughout the country (including in Altamira, Baja California and Manzanillo) to augment its domestic supplies. In order to accommodate new entry points for natural gas supplies, the Ministry of Energy will need to expand Mexico's vast pipeline network.¶ Similar to the activity in the U.S., Mexico has seen a surge in activity surrounding renewable energy. CFE has been addressing issues of wheeling power, which hindered the past development of renewable power projects. CFE's preexisting wheeling structure failed to account for wind's intermittent nature and penalized wind power projects for failing to produce a stable, constant electricity supply. Today, CFE's wheeling arrangements account for wind power's intermittency. CFE has created a system where a renewable energy project can "bank" excess energy production during periods when an off-taker does not require energy from the project and allow the user to access the "banked" energy during periods when the power project does produces insufficient energy to meet the user's needs. Additionally, postage-stamp wheeling charges earmarked solely for renewable energy have benefitted renewable energy production. As a result, buyers of wind power see energy sale rates that directly compete with fossil fuel generated energy.¶ The true test of whether the projects are viable is determining if third party non-recourse financing is available. In Mexico, commercial lending institutions are actively looking for lending opportunities to well-structured infrastructure projects. Multilateral lending institutions, such as the International Finance Corp. and the Inter-American Development Bank are also working in the Mexican market with creative financing structures.¶ In addition to multilateral financing institutions and commercial lenders, international development banks, such as FMO, have supported infrastructure projects that promote certain economic, environmental or social objectives. Some international development banks have even prioritized the Mexican market as a target lending environment in order to spur the development of certain projects, such as renewable energy power plants.

#### Through the realization that a partnership in investment and trade is key to success, the US is now increasing opportunities for US energy investment.

Farnsworth, 2013 (Eric, Vice President of the Council of the Americas; MPA in International Relations from Princeton¹s Woodrow Wilson School; Harry Truman Scholar, “U.S.-Latin American Relations: Paternalism to Partnership”, http://www.as-coa.org/articles/us-latin-american-relations-paternalism-partnership, LL)

It's rare that both the U.S. president and vice president travel to Latin America and the Caribbean in the same year, much less the same month. But that's exactly what just occurred with President Barack Obama's trip to Mexico and Central America, and Vice President Joe Biden's travel to Brazil, Colombia, and Trinidad and Tobago in May. These trips—and also early June meetings in Washington with the presidents of Chile and Peru and Secretary of State John Kerry's trip to Guatemala, a state visit for the president of Brazil in October, and meaningful immigration reform—offer the best opportunity in some time to establish a more consequential U.S. policy toward the A**mericas.**¶ For many years the foundation for policy has been the belief that democracy is both secure and ingrained in the minds of the people of Latin America and the Caribbean, and that partnership with the United States is a natural result. Washington assumes that democracies once established through free and fair elections will remain democratic, and that democratic institutions will deepen and prosper over time. The United States also anticipates that democratically-elected governments will transition power regularly and peacefully to a legitimate opposition, **abide by a** rule of law that supersedes any individual government, maintain human rights protections, and respect a free press.¶ While most nations in Latin America are strong if imperfect democracies, others such as Venezuela are moving backward as their populist leaders bend laws and institutions to the individual will of the president. At the same time, some of the strongest democracies have enabled these actions by selectively turning a blind eye to threats to democracy outside their own borders.¶ As a result, the pan-regional, consensus-based agenda as represented by the periodic Summits of the Americas has increasingly become a relic. The Summit one year ago in Cartagena broke up in disarray over the Falkland Islands and whether Cuba's president should be included in future Summits of the democratic leaders. Promotion of a meaningful economic integration agenda—the original purpose of the Summits—was discussed….

#### The US is increasing energy investments after observing the beneficial opportunities that Mexico may offer.

Koba, 2013 (Mark, senior editor at CNBC.com; economic topics expert, “Mexico: Surprising Land of Opportunity”, <http://www.cnbc.com/id/48986442>, LL)

Long considered a second cousin to its behemoth neighbor to the north — and a source of illegal immigration and drug violence — Mexico may have one of the most underrated and misunderstood roles in the global economy.¶ "What's surprising — is how surprising it is that as an economic power, Mexico is under the radar for so many businesses and investors," says Jose Manuel Ramirez of tax audit firm KPMG who co-wrote a recent study on investing in Mexico.¶ "For many years, Mexico has been doing all it can to attract investors and has reached a high level of sophistication," Ramirez says. "There are really a lot of great possibilities there."¶ to make itself attractive to investors, Mexico has transformed from a small economy to an open and more diverse one. In the last 20 years, the Mexican government has made improvements to its infrastructure and fostered competition in sectors such as transportation, energy and telecommunications. (More: How to Get a Piece of Mexican Stocks)¶ as a result, Mexico has grown to be the 13th largest economy in the world — $2.4 trillion — and the 11th in purchasing power, according to the World Bank. The Mexican stock exchange — the Bolsa Mexicana de Valores — is valued at some $451 billion, second to only Brazil in Latin America and fifth in all of the Americas.¶ One of the biggest changes for Mexico has been its trade policies, says Antonio Garza, a former U.S. ambassador to Mexico and currently chairman of Vianovo Ventures, a business development firm.¶ "The North American Free Trade Agreement (NAFTA) in 1994 was critical to getting Mexico integrated into the global economy," Garza explains. "It opened their eyes to trade and the need to compete. It helped start the reforms and improvements to infrastructure and letting more foreign businesses come in."¶ With NAFTA, nearly 86 percent of Mexican exports and 50 percent of its imports are traded with the U.S. and Canada, making Mexico one of the leading exporting countries in the world. Policy changes are also making Mexico a manufacturing hub, as it's now the largest North American auto-producing nation, recently surpassing Canada and the U.S.¶ and investment dollars continue to pour in. General Motors has announced plans to invest $120 million in a plant in the central state of San Luis Potosi to produce the SUV crossover. And Coca Cola will invest more than $1 billion into its Mexican market this year as part of a $5 billion, 5-year investment plan for the country.¶ Huge economic disparity¶ Proximity to the U.S. is a big reason for Mexico's attraction, says George Haley, professor of marketing and international business at the University of New Haven.¶ Susana Gonzalez | Bloomberg | Getty Images¶ An employee works on the production line of the new generation Volkswagen AG Beetle at the company’s assembly plant in Puebla, Mexico.¶ "Mexico's Pacific Coast port of Lazaro Cardenas is actually closer to New York and the U.S. east coast markets than Los Angeles and Vancouver in Canada," Haley adds. "Given this geography, it's easy to see that virtually all of Mexico is a candidate for investments seeking to serve U.S. markets."¶ Coupled with its geography as an attraction is Mexico's workforce. With a labor pool of some 78 million people, the World Trade Organization ranks Mexican workers among the hardest-working in the world, in terms of the amount of hours worked each year.¶ "Mexico has a large, generally educated and trainable number of workers," Haley explains. "That's paired with a large cadre of well-educated English-speaking professional managers."¶ Mexico's middle class has been expanding, as immigration across U.S. borders has slowed, mainly due to the sluggish American economy, say experts. (More: Crime Explodes — But an Economy Booms)¶ but even as the economy grows, many Mexicans are still struggling. Mexico has the second highest degree of economic disparity in the world between the very poor and the rich, just behind Chile, according to the Organization for Economic Co-operation and Development.¶ And possible changes to current Mexican working laws — like more flexibility in firing, eliminating mandatory benefit packages, as well as the ability to hire workers for fewer guaranteed hours — will be attractive to businesses (though not necessarily to employees).

#### Due to private sector involvement in clean energy development, more US investment in the Mexican energy sector results.

Wood, 2013 (Laura, PhD - George Washington University Law School, “Private Sector Participation and Clean Energy Development Attracts New Investments in Mexico's Power Sector”, GlobalData,

[http://www.researchandmarkets.](http://www.researchandmarkets. com/reports/2527717/private_sector_participation_)

[com/reports/2527717/private\_sector\_participation\_](http://www.researchandmarkets. com/reports/2527717/private_sector_participation_)and\_clean\_energy, LL)

**The power sector in Mexico has** attracted Foreign Direct Investments (FDIs) **for the** development of large capacity power plants as a result of the country’s strong credit rating and stable economic growth achieved over the period of last 20 years. The country is one of the largest FDI recipients among the emerging economies of the world. Multilateral financing institutions and commercial lenders, and international development banks have supported infrastructure projects that promote economic, environmental or social objectives. **Some international development banks** have even prioritized the Mexican market as a target lending environment in order to spur the development of clean energy projects. **Mexico’s** modernized **power sector** **has** primarily **been driven by the** development of private thermal power plants. Reforms have promoted gas-fired capacity additions to replace ageing diesel and oil-fired units, resulting in the achievement of increased clean power generation capacities. The National Energy Strategy 2012–2026 aims to increase the share of clean energy sources in the generation mix by supplying 35% of overall power to the grid by 2026.

### MPX – NRG Independence K National Security

#### New efforts in diplomacy are needed to increase potential for energy independence

Sires 2013 (Albio, Rep. from New Jersey, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Today’s discussion is an effort to address what has long been an oversight in our foreign policy: Integrating energy policy with our national security interest. Oil production has increased in the United States, but it has not increased enough to overcome our need to import oil. The United States imported four times the amount of—it exported in 2011 alone. This is a worrisome—this is worrisome, giving our energy dependence to nations residing in unstable regions of the world and to nations whose governments are at times hostile to our national interest. As a result, it is impera- tive that our energy security policy be not knee-jerk reactionor an afterthought in our foreign policy considerations.¶ The resurgence of oil and gas productions in the U.S. will change both the global landscape and geopolitics of energy. The United States is predicted to overtake Saudi Arabia as the largest the global oil producer by 2020. And a significant expansion of U.S. oil production could push oil prices down enough to devastate oil-producing nations. Regardless, I am realistic in regards to the nature of our energy independence.¶ Inasmuch as the United States remains integrated with global energy markets, no amount of oil or gas will completely insulate the United States from global events and price disruption. The more likely scenario is that the future in the U.S. production will simply have a shock-absorber effect to sudden spikes in energy prices. So in light of these predictions and in spite of our energy renaissance, I believe it is dangerous to allow ourselves a false sen- tence of security.¶ We get about half of our oil petroleum from the Western Hemi- sphere, half of which is from Canada. And after Saudi Arabia, Mexico is the United States’ third largest supplier of petroleum. Ven- ezuela has up to 88 percent of the region’s proven oil reserve and accounts for roughly one-third of our oil imports from the region. And Brazil is the world’s second-largest producer of ethanol in the world after United States.¶ On the other hand, in countries like Venezuela, Bolivia, Ecuador, and Argentina, expropriations and the nationalization of private in- dustries have become the norm rather than the exception. Many of the beneficiaries of Venezuela’s Petrocaribe program have few energy resources and are heavily dependent on oil imports. And with oil accounting for nearly 70 percent of the energy need of smaller countries, economic growth has been a difficult achievement. Mean- while, in Mexico, we will not—we will have to wait and see if Presi- dent Pena Nieto’s energy reform will be realized.¶ It is for these reasons that the Western Hemisphere must play a critical role in our energy security policy, and why I believe committed engagement on energy cooperation throughout the hemi- sphere, it is in the national interest of the United States. Our national security requires energy policy be a central component of our foreign policy. We should build upon and expand our energy diplomacy effort, mitigate the Caribbean’s dependence on subsidized Venezuelan oil, and support the economic growth of the region in ways that are both relevant and practical to the needs of everyday people.

#### Must have geopolitical stability to develop Latin America energy potential

PIN ̃ON 2013(JORGE R., ASSOCIATE DIRECTOR, LATIN AMERICA AND THE CARIBBEAN PROGRAM, CENTER FOR INTERNATIONAL ENERGY AND ENVIRONMENTAL POLICY, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Mr. PIN ̃ ON. Thank you, Mr. Chairman. I ask that my written testimony be included in the record.¶ Geopolitical uncertainties such as political instability, resource nationalism, civil conflict, economic downturns, and natural disas- ters in oil-producing countries and exporting countries in all regions of the world threaten both rich and poor nations alike.¶ Crude oil and natural gas, and now ethanol, have become true global fungible commodities with limited restrictions in their deliv- erability across oceans and borders. They respectively represent 34 and 24 percent of the world’s primary energy consumption, making hydrocarbons the long-term principal fuel of economic growth around the world.¶ The role played by emerging markets, many of them, such as China, net importers of oil on a grand scale, also adds a new com- plexity to the challenge of international energy security as these countries race toward resource control outside of their own borders. The energy sector has become to many countries in the world the Achilles heel to their economic survival and growth, making these challenges strategically important issues of geopolitical context.¶ The Western Hemisphere represents approximately one-third of the world’s proven conventional and unconventional hydrocarbon reserves. And like it was mentioned here, Venezuela alone has ap- proximately 300 billion barrels of proven conventional and uncon- ventional reserves. Argentina and Mexico are the third and fourth largest holders respectively of technically recoverable shale gas reserves in the world. Mr. Chairman, nearly 50 percent of world’s total shale gas reserves are in the Western Hemisphere.¶ Today Latin America energy potential is being undermined by a number of serious geopolitical uncertainties, along with economic, environmental, social, and regulatory issues that could impact the monetization of the region’s rich hydrocarbon resources. High political risk, onerous fiscal contractual terms and condition, populist rhetoric, and the nationalization of national oil companies’ assets have caused the declining exploration and production investment in Venezuela, Ecuador, Bolivia, Argentina, and Mexico, seriously threatening the monetization of the rich hydrocarbon resource in the region.¶ Most recently Argentina’s confiscation without compensation of 51 percent of YPA shares owned by Spanish oil company Repsol re- enforces the challenge of resource nationalism in the region. If Ar- gentina, a member of the G20, can carry on these policies without having to face the consequences, the rule of law could be seriously undermined, creating a domino effect in other Latin America coun- tries, Bolivia, Colombia, and Brazil among them.¶ If countries want to increase energy and resource development activities, they have to offer fiscal and contractual terms and condi- tions which offer an acceptable rate of return to investors commen- surate with their potential and associated technical and commer- cial risks.¶ We need to encourage the design of fiscal and investment models that create alignment between the objectives of the host govern- ment and foreign investors, while promoting good governance standards and behaviors by reinforcing through other regions the need for, as Congressman Sires raised, rule of law, accountability, transparency, and integrity.¶ Even though the region, Mr. Chairman, is rich in crude oil and natural gas reserves, it has a considerable deficit in the refinery capacity needed to monetize liquids production into petroleum fuels. Crude-oil-exporting countries, such as Venezuela, Mexico, Colom- bia, Ecuador, Brazil, and Argentina, are also importers of refined products.¶ For the first time, Mr. Chairman, since 1949, in 2011, the U.S. became a net exporter of petroleum products. Approximately 50 percent, Mr. Chairman, of the total U.S. petroleum exports in 2012 were destined to Latin America and Caribbean.¶ A comment: Petrocaribe has delivered 96,000 barrels a day to the region; we have delivered 300,000 barrels of petroleum products to the Caribbean and Central America during the same period.¶ We believe, Mr. Chairman, that academic institutions can play a role of thought leaders and agents of positive change by transfer- ring knowledge and best practices, thus providing developing coun- tries the opportunity to become fast learners to avoid mistakes made by others and to have access to existing process, research, and best practices that might be beneficial to their specific energy and sustainability needs. The University of Texas, Austin president William Powers, Jr., will be visiting Brazil June 5, 6, promoting the Scientists without Borders program, which will open the way for the Brazilian Government to fund graduate study in the United States for promoting Brazilian students in the STEM field.¶ It is clear to us, Mr. Chairman, that lessons learned and best practices have to be shared in order to avoid conflicts between good neighbors—Colombia is a good example—and foster conditions and relationships toward energy security and cooperation in the West- ern Hemisphere.¶ We thank you, Mr. Chairman, for allowing us to share with you our views on energy challenges and opportunities for Latin Amer- ica and the Caribbean. Thank you, sir.

#### Specific policies can be adopted to assist US and the Western Hemisphere in becoming energy independent

GOLDWYN 2013(DAVID L., PRESIDENT AND FOUNDER, GOLDWYN GLOBAL STRATEGIES,HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

IV. Energy Security Opportunities for the U.S.¶ The Committee is wise to see the unique period of opportunity that the massive changes in oil and gas markets have created for U.S. foreign policy. While we will be more self-sufficient at home, our national security will still depend on a diverse global supply of oil gas, one able to withstand the inevitable disruptions we will face. If we can take this moment to help the hemisphere increase its own self sufficiency, wean itself from high carbon fuels, access more cost competitive feed stocks for power and transportation, and reduce dependence on subsidized Venezuelan fuel oil, we will have helped our own national security interests and helped to foster a freer, more prosperous, and more climate secure hemisphere. Here I offer six steps that the United States can take to meet its energy security goals in the Hemisphere.¶ 1. Sustain Efforts Aimed at Energy Efficiency and the Adoption of Biofuels and Renewable Technologies¶ Lowering global carbon emissions in order to mitigate the impacts of climate change is an important step towards ensuring global energy security. Latin America is highly dependent upon fossil fuels for its energy needs, most notably oil, coal and natural gas. Fuel oil is still a frequently used fuel for power generation, in spite of the fact that it is relatively inefficient and particularly bad for the environment. Hydropower has long been the favored form of renewable energy in Latin America, but changing weather patterns and droughts have prevented it from being fully reliable. The United States has, as described above, undertaken initiatives aimed at expanding the spread of biofuels and renewables in the Western Hemisphere, and this should remain a priority. The expiration of the U.S. tariff on imported biofuels was a step in the right direction, and more can be done to develop biofuels industries in Latin America. The development of new industries, clean energy research centers and government policies incentivizing the use of renewable technologies for power generation will help to build long-term, sustainable industries in the Hemisphere. Regardless of the power source used, energy efficiency is a worthwhile goal for Latin America. The IEA noted in the World Energy Outlook 2012 that while energy intensity is not particularly high in Latin America, it is primarily because high energy intensity in energy producing nations is offset by low energy use in energy importing nations. Improving energy efficiency, particularly in energy producing nations, will permit more efficient use of energy resources, allowing them to stretch farther. Existing forums like the ECPA already have energy efficiency as an issue of focus and can aid in connecting companies that represent successful and proven efficiency technologies with partners in Latin America.¶ 2. Propagate Advanced Production Technologies Abroad¶ Latin America has significant reserves of oil and gas, including potentially huge unconventional resources. One of the fastest, and perhaps easiest, ways for the U.S. to ensure diversification of energy supplies is to help other nations take advantage of the unconventional energy revolution. This will mean sharing technology, building regulatory regimes, improving environmental safety standards and possibly even developing infrastructure in nations with shale gas and tight oil reserves. The U.S. should continue to expand upon the work that the Department of State and partner agencies are attempting to achieve through UGTEP, offering technical, regulatory, geological and other support to countries that want to develop their shale oil and gas resources. There are also roles for companies to play, sharing their technology and technical expertise through partnerships, investment opportunities or service contracts. Helping other nations develop their domestic resources will increase global energy security by increasing and diversifying global supply. Natural gas is also, as far as fossil fuels go, a relatively low-carbon source of energy, and the expansion of the shale gas boom may offset global coal consumption and carbon emissions, serving as a boon for climate goals as well. By helping other nations, such as Colombia, Brazil and Mexico, adapt to changing energy markets and complex new sources of energy, the U.S. will be simultaneously ensuring its own energy security.¶ 3. Research Ways to Encourage Gas Penetration in the Caribbean¶ With abundant natural gas supply a short distance from the Caribbean, the US should look for ways to back out fuel oil and gasoline as a feedstock for power and transportation. While these nations are trying to maximize renewable energy, they still need a non-intermittent source of power generation. But short driving distance makes CNG or other natural gas technologies a real possibility. The key challenges are moving gas to small islands, ensuring storage or other means of security of supply, and identifying the right forms of vehicle technology. How to make this transition economically is a question for engineers as well as policymakers. The U.S. should design ways that private foundations, in tandem with our national laboratories and perhaps the OAS, can look for near-term, practical ways to increase natural gas utilization. Combined with a permissive policy on natural gas exports to the Caribbean, this could be major step forward for climate and national security for the Caribbean.¶ 4. Reconsider the U.S. Policy Regarding Oil and Gas Exports and Swaps¶ In light of the unconventional revolution, the U.S. will have surpluses of natural gas and even light oil, given that the domestic refining system is primarily configured to process heavy oil. Large price differentials also exist for U.S. resources, largely as a result of infrastructure and policy constraints that keep them trapped in the U.S. Current U.S. policy only permits the export of crude oil in highly limited circumstances. A careful reconsideration of U.S. export policy, particularly towards oil, may be warranted. Allowing some exports or swaps of light oil produced in the U.S. for the heavy oil needed for refineries would enable us to supply our hemispheric neighbors, increase export earnings, and sustain domestic job growth. Granting an additional avenue for sale of energy resources, either oil or gas, will also ensure that artificial barriers to export don’t lead to decreased production, high domestic prices and lost value to the economy, while simultaneously adding to global energy supply stability and security.¶ The hemisphere can also benefit from additional exports of natural gas. Mexico imports costly LNG at oil-linked prices. The Caribbean is dependent on fuel oil for power generation and Brent prices gasoline for transportation. These exports could present a political advantage as well as an economic one, granting the U.S. with another tool to use in the Western Hemisphere, where Venezuelan influence is cemented by subsidized sales of crude oil and products.¶ 5. Complete the U.S.-Mexico Transboundary Agreement¶ On February 20, 2012, the U.S. and Mexico signed a transboundary hydrocarbons agreement that allows for the joint the development of oil and gas reservoirs that cross the international maritime boundary between the two countries in the Gulf of Mexico.30 If implemented, the agreement would end the current moratorium on exploration and production in the border area. While the Mexican Senate ratified the agreement on April 12, 2012, the Obama Administration has not formally submitted the agreement to the U.S. Congress for passage. The entry into force of this agreement would render significant benefits for both the U.S. and Mexico.31 It would provide a means for Pemex to collaborate with private companies in the Gulf of Mexico border area, which would give Pemex a crucial opportunity to gain expertise in deepwater activities that could be applied to the firm’s operations throughout Mexico. This would serve U.S. interests by boosting Mexican production and reducing U.S. dependence on imports from more politically troublesome regions, which have replaced lagging Mexican exports in recent years.32 Conversely, U.S. reticence to implement the agreement may send the wrong signal to Mexico and dampen enthusiasm for energy sector reform at a time when the stage may be set for historic change. Indeed, competent implementation of the agreement could demonstrate to Mexico that its interests can be protected in joint production regimes with U.S. companies and bring about an impetus for broader Mexican energy reforms.¶ 6. Revive Energy Diplomacy and Commercial Engagement¶ Energy diplomacy and commercial advocacy should be vital components of U.S. energy policy in the coming decades. The global energy system is projected to remain dependent upon fossil fuels for the foreseeable future, and as a result, having access to reliable, affordable sources of energy will remain important, as will the stability of energy markets. Energy diplomacy should center on ensuring that the U.S. has good working relationships with the countries that produce and consume energy. Successful energy diplomacy can serve a critical role in managing tensions over energy development, transportation, investment, and other issues.¶ The Department of State has significantly increased its capabilities to conduct energy diplomacy through the establishment of the Energy and Natural Resources Bureau, led by Ambassador Carlos Pascual. Its programs should be robustly funded. We should also deepen the international energy diplomacy capacity of the Department of Energy. The Department of Energy’s relationships with civil servants in ministries across the globe provide a bridge across changes in government here and there. They can talk when the politics of non-energy issues obstruct dialogue among the foreign ministries. It is easier to get Energy Ministers together for regular meetings than Secretaries of State. Their staff should be expanded and serious program budget established to make our cooperation more than rhetorical. For true reform to be achieved, foreign ministers and heads of government will have to be involved, as this will be the key to integrating energy security into foreign policy.¶ The three countries that need robust attention at this time are Mexico, Brazil and Venezuela. Mexico is considering major reforms and we have much we can share at a technical level on gas¶ markets, unconventional oil and gas technology, safe regulation of the deepwater, and energy efficiency. We should create a quiet bilateral mechanism for sharing this information with Mexican ministries, its nascent regulator and PEMEX. Changing global markets also impact Brazil, and we should ensure that the Strategic Energy Dialogue is reactivated as soon as new officials are on board at the Department of Energy. Venezuela is trickier because it is in political transition and there is a great deal of rhetorical hostility. But the US had a technical dialogue with Venezuela that lasted over 30 years. We need to know the new officials at the Ministry and PdVSA and to share our view of market realities, even if we may not agree on them. Sometime in 2013, after the Venezuelan elections, this technical dialogue should be revived, perhaps at the Assistant Secretary, or Deputy Assistant Secretary level.¶ Conclusion¶ Mr. Chairman, the ties between Latin America and the Caribbean and the energy security of the United States are numerous. Here I have addressed only a few of the possible avenues for improving U.S. energy security, and there are undoubtedly more, but the overarching conclusion is that energy security goals in the Hemisphere can be achieved through improved dialogue and relations with allies and adversaries alike. As I stated in 2008, it will require new approaches to energy and foreign policy. It will require fresh policy approaches, money, and creative diplomacy. But more than anything it will require leadership. As a citizen I thank the committee for its leadership on this critical issue.

### MPX – Air Pollution + Economy

#### North American energy security key to shield the global economy from collapse and reducing air pollution

Nivola 2 – Senior Fellow, Governance Studies

Pietro, “Energy Independence or Interdependence? Integrating the North American Energy Market”, Spring, <http://www.brookings.edu/research/articles/2002/03/spring-energy-nivola>, CMR

Prudent Policy¶ All this is not to say that no additional **reserves** of oil **are worth recovering** within U.S. territory. **Wherever feasible, they should be found and used**. Adding their output to the world's supply is desirable, just as it is worthwhile to get more from any industry that can competitively make products the world needs.¶ Nor do I mean to suggest that a disruption of the global oil supply would no longer have an adverse impact on the U.S. economy. **Suppose** that **another crisis in the Middle East were to take a large volume of oil**—say, 7 million barrels a day (mbd)—**off the market**. Suppose, also, that after drawing down perhaps 2.5 mbd from strategic petroleum reserves no other sources were available to make up for the shortage. **Brookings economist** George L. **Perry estimates that the world price of crude could hit $75 a barrel.** **An increase that big could add** as much as **5 percent**age points to inflation **and would prompt**ly deepen the recessionthroughout the industrialized world.¶ Clearly, **building up emergency stockpiles in the industrial countries is the first line of defense against such a disruption.** Having access to spare production capacity outside the disrupted fields is also helpful. If the strategic reserves contribute 2.5 mbd and the extra capacity could add 1 mbd, a potential 7 mbd loss would be reduced by half. Under these circumstances, according to Perry, the price of oil would go to only $32 a barrel, so that regular gasoline would cost roughly $1.75 a gallon—a change well within the range of price variation in recent years. But notice: the surge capacity is a global, not a national, imperative. As long as it is available somewhere amid the earth's extensive assortment of reliable producing areas, much of the global shortfall (and the price shock for American consumers) will be offset.¶ Some of this cushion already exists. The supply side of the international petroleum market today is a lot more diversified than it was in the dark days of 1973, when the Arab oil embargo wrought havoc. The share of oil the United States buys from the Persian Gulf now represents less than a quarter of U.S. oil imports, down from almost 30 percent in 1980. Fully half of the oil we import comes from within the Western hemisphere. A number of large suppliers, outside OPEC as well as within it, are not operating at full capacity. If past is prelude, they would almost certainly put more oil on line amid the high prices of a tight market.¶ **To gain additional insurance in an economically efficient fashion over the longer haul, policymakers should enhance trade relations with the stable suppliers that have abundant energy resources**. **Conveniently**, **at least two of them happen to be in the immediate vicinity**. President Bush, to his credit, has spoken of the "need to recognize the energy potential of our neighbors, Canada and Mexico."¶ Opportunities in North America¶ The United States is the world's second largest producer of oil, Mexico the eighth. But **with proved reserves** around **23 percent larger than those of the U**nited **S**tates, **Mexico holds considerable promise for increased production**. The same goes for our northern neighbor. No country, not even Saudi Arabia, exports more oil to the United States than does Canada. In the years ahead, Canada is likely to make a larger contribution as much more output from recent discoveries, such as Newfoundland's enormous Hibernia Field, comes on stream. The bulk of Canada's hydrocarbon resource base is still unrecoverable at current prices and with existing technology, but it is potentially immense. Alberta's oil sands, for instance, might contain the equivalent of an estimated 300 billion barrels of oil, more than all of Saudi Arabia's proven reserves. To put matters in perspective, if eventually even just one-quarter of this source were to become available, it would meet all the combined demand of both countries for nearly a decade (at current rates of consumption).¶ **Opportunities for expanded development and trade of natural gas throughout North America ought to be more fully exploited as well.** Canada now furnishes around 14 percent of U.S. requirements. New fields are being developed off Canada's east coast between Newfoundland and Nova Scotia. In addition to providing heating fuel for Nova Scotia and New Brunswick, the offshore source could at last bring an end to New England's anomalous dependence on heating oil.¶ More could be done. Vast quantities of gas, possibly several hundred trillion cubic feet, remain untapped in an area stretching across the Western Canada Sedimentary Basin to Alaska. Known deposits in Alaska and the Yukon alone exceed 70 trillion cubic feet—more than three years of total U.S. consumption at present levels. Official estimates of Mexican proven reserves of natural gas are reportedly half that, but recent estimates by the Gas Technology Institute suggest that as much as 65 trillion cubic feet of gas could turn up in the Burgos Basin of northeastern Mexico.¶ **The importance of bringing more natural gas to the North American market cannot be overstated**. Gas can readily displace oil in various ways—as a heating fuel, as a fuel for electric generators (substituting for the oil-fired ones that comprise about half of Mexico's generating capacity, for example), and to an extent, even as a transportation fuel. More important, this relatively clean-burning fuel is the leading alternative to coal. **To meet America's anticipated demand for electricity in the near future**, as much as **200,000 additional megawatts of electric power may have to be produced nationwide. Across the continent, power plants will spew** fewer air pollutants, particularly greenhouse gas emissions, **if they are powered by natural gas instead of coal**.

### MPX – Investment = Clean NRG

#### Current mechanisms exist to invest, especially in Mexico; investment necessary to make energy grid cleaner and more efficient

**PASCUAL 2013** (CARLOS SPECIAL ENVOY AND COORDINATOR FOR INTERNATIONAL ENERGY AFFAIRS, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

The Power Sector¶ This global revolution in gas markets is also leading to a transformation in the power sector. How the world generates and uses energy, especially electricity, is changing quickly. The availability of natural gas has led to innovations in the power sector, resulting in cleaner, more efficient generation and a reduction in green-house gas emissions. Looking forward, it has the potential to be the foundation of the U.S. power sector, both as a cleaner thermal fuel and as a fuel that can complement intermittent renewable technologies. How this is managed will have massive global implications for carbon dioxide emissions and climate change.¶ But let us look practically and pragmatically at the near term, and what this power sector transformation could mean for our industries in natural gas, renewable¶ energy, and transmission and distribution infrastructure. The size of the power market is enormous: the IEA estimates that the power sector in the Western Hemisphere, excluding the United States, will need US$ 1.4 trillion in investment by 2035 to keep up with demand. It is in the interest of the United States to play a part in this market, and take advantage of this development to grow our own economy. A number of U.S. companies are already active in these markets: for example, U.S.-based AES has operations in the Dominican Republic, El Salvador, and Panama, where it operates 3.5 GW of installed capacity. The Ex-Im Bank has recently helped create 200 jobs in six states, when it approved a $28.6 million direct loan to a Honduran power company, which will purchase high-tech U.S. wind turbines for the Cerro de Hula wind farm in Santa Ana, Honduras.¶ One Initiative provides an example where benefits for U.S. commercial interests, U.S. and regional energy security, and greater regional growth and stability can all be achieved. The “Connecting the Americas 2022” Initiative (Connect 2022), unveiled by President Obama and Colombian President Santos at the Sixth Summit of the Americas one year ago, is a hemispheric Initiative that works to assist countries to achieve their renewable energy goals and promotes regional interconnection of power markets, from Canada to Chile. The United States already has extensive interconnections with Canada; last year our countries traded over 62 billion kilowatt hours (kWh) of electricity. Mexico and the United States trade much less, with 11 interconnections and about 1.5 billion kWh of trade in 2011. We continue to build on these opportunities, as do our businesses. For example, Sempra Energy, a San Diego-based energy company, has plans to build a wind farm in a region of world-class wind resources in Baja California, using U.S. wind technology components, and exporting the power back across the border to serve the San Diego market.¶ Interconnection can bring different kinds of benefits to different regions. For example, in Central America, markets are very small -- all together they account for less electricity demand than the state of South Carolina -- which makes it difficult to attract large-scale investment. They have a strong dependence on heavy fuel oil for electricity production, which is dirty, expensive, and almost entirely imported. The cost of this energy dependence is large, and links their economies to volatile oil prices, undermining their ability to grow and develop economically. Interconnection within Central America, and also with Colombia and Mexico, would promote greater energy security through the creation of more competitive, standardized, resilient, and larger markets. It is also an important step toward regional integration and prosperity.¶ Connect 2022 is also working in the Andes region, where the markets are larger but experience severe weather effects. Colombia derives approximately 70 percent of its electricity from hydropower, and most years it has excess capacity. But it is also hypersensitive to the El Niño effect, which causes droughts every two-to- seven years, requiring them to maintain a large number of inefficient thermal plants to cover shortages. Ecuador and Peru also have hydropower resources, but experience their El Niño effects during different months than Colombia, such that “wheeling” power north and south between these countries will allow their systems to complement one another during shortages. Interconnection among these countries would enable a more efficient use of existing resources, eliminating the need to build redundant large-scale dams, which increasingly raise concerns for environmental and indigenous rights groups. Governments in the region with large hydro-dependence are already exploring additional ways to provide their population centers with affordable power, such as through solar, wind, geothermal technologies, as well as natural gas and smaller-scale run-of-river hydro projects. In order to take advantage of those resources, countries must develop their power sector infrastructure, including smartgrid technologies. All of this spells tremendous commercial and development opportunities, and companies around the world are taking notice.

### MPX – Enviro + Econ

#### Lack of access to electricity and subsidies currently prevent energy development; investment necessary to improve

ROONEY 2013(MATTHEW M., DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Access to Affordable, Reliable Energy Services¶ Despite the region’s role in global energy production and the wealth of energy resources it possesses, more than 31 million citizens in the hemisphere still lack access to electricity. This impacts the development of communities, the health of families and children, and overall economic prosperity. In rural communities not connected to the grid, it is common practice to harvest wood for cooking in a traditional but unsustainable way. Wood used for in-home or open fire cook stoves causes air pollution and deforestation, and can have serious negative impacts on health. In communities across the hemisphere – from Mexico to Paraguay – thousands of people die each year because of injuries and illness associated with traditional and open-fire cookstoves. The use of cleaner cookstoves and cleaner burning fuels can solve multiple problems at once. Through the ECPA, the Department of State is supporting programs that provide clean cookstoves and increase access to sustainable, reliable, and affordable electricity services. In Central America, the U.S.-based non-profit Trees, Water, and People is using a grant from the Bureau of Western Hemisphere Affairs to partner with local organizations to provide training for in-home, off-grid solar technologies and fuel-efficient cookstoves to rural residents. We also support Peace Corps volunteers in eleven countries in¶ the region working with rural communities to build awareness of renewable, off-grid energy technologies that educate citizens on energy conservation, support small-scale, community-led renewable energy projects, and improve quality of life by generating income while reducing carbon emissions. These projects, and others like them, are critical to alleviate poverty and support low-emissions economic development in the region.¶ But access to electricity is not our only goal. Electricity must also be reliable and available at an affordable price. In the Caribbean and Central America, electricity costs are three-to-four times more expensive than the United States. In the past 12 months we have seen high prices and the threat of wide-spread blackouts spur social unrest in countries across the region, including the Dominican Republic and Guatemala.¶ To mitigate the hardships imposed by such high-costs, many governments in the region provide significant energy subsidies to consumers. Throughout the world, market-distorting energy subsidies have proven an inefficient mechanism for protecting the poor since they allow leakages into wealthier social groups and result in higher demand volumes and energy shortages. According to the International Energy Agency, energy subsidies cost Ecuador approximately $5 billion U.S. dollars per year, Mexico $10 billion per year, and Venezuela up to $20 billion a year.iii Additionally, subsidies place an increasing burden on governments’ accounts and divert scarce resources away from issues such as education spending, healthcare, and citizen security.¶ We are addressing the issues of access, affordability, and reliability through Connecting the Americas 2022 (Connect 2022), the newest hemispheric initiative under the ECPA. Connect 2022 was launched by the Government of Colombia at the 2012 Summit of the Americas with the vision of providing universal access to affordable, reliable electricity within the next decade. For smaller economies and energy markets, electrical interconnection can decrease the cost to consumers through greater market efficiency and lower generation costs. Interconnection can also minimize shortages and supply disruptions, especially in a region that is highly dependent on hydropower and imported oil and vulnerable to severe climate events. Realizing the vision of hemisphere-wide electrical interconnection and increased access to electricity over the next decade will require strong government action and vigorous private sector investment - and work is already underway.

### Price Volatility Hurts Production

#### Price volatility affects production in Latin America; must solve for effective partnership

PIN ̃ON 2013(JORGE R., ASSOCIATE DIRECTOR, LATIN AMERICA AND THE CARIBBEAN PROGRAM, CENTER FOR INTERNATIONAL ENERGY AND ENVIRONMENTAL POLICY, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Geopolitical uncertainties such as political instability, resource nationalism, civil conflict, economic downturns, and natural disasters in oil producing and exporting countries in all regions of the world threaten both rich and poor nations alike.¶ Crude oil and natural gas have become true global fungible commodities with limited restrictions in their deliverability across oceans and borders in order to meet the growing appetite for energy among emerging economies; they respectively represent 34 percent and 24 percent of the world’s primary energy consumption, making hydrocarbons the long term principal fuel of economic growth around the world.¶ Price volatility, as a consequence of supply uncertainty, negatively impacts economic growth around the world, therefore straining political relationships between exporting and importing countries. A shift in oil revenues can represent an increase or decrease in resources for education, health, and social services, which can have severe economic effects and political and social consequences in both importing and exporting countries.¶ Over 50 percent of the world’s net oil exports are sourced today from politically precarious regions and countries of the world such as North Africa, the Middle East, the Caspian, and the Caucasus, among others.¶ The role played by emerging markets, many of them, such as China, net importers of oil on a grand scale, also adds a new complexity to the challenge of international energy security as these countries race toward resource control outside of their own borders.¶ To many countries and regions of the world these potential areas of conflict in the energy sector have become the Achilles Heel to their economic survival and growth, making these challenges strategically important issues in the geopolitical context.¶ Latin America and The Caribbean does not escape this ominous scenario.¶ According to the Energy Information Administration (EIA), 29 percent of U.S. petroleum imports come from Latin America and the Caribbean, while only 22 percent of imports are sourced from the Persian Gulf; if Canadian supplies are added to these figures over 50 percent of the United States’ petroleum imports come from our regional neighbors in the Western Hemisphere. Mexico and Venezuela are among the top five suppliers of crude oil and petroleum products to the United States.¶ It is important to highlight that the Keystone pipeline, the reversal of the Seaway pipeline, as well as new and existing shale liquids pipelines, will bring to the U.S. Gulf Coast refineries the flexibility of nearly 3 million barrels per day of new sources of crude oil supply. This will play a¶ very important role in our national energy security strategy as it will create a new supply- demand and price relationship between the United States and Latin America particularly as it relates to future Venezuelan and Mexican crude imports.¶ The Western Hemisphere represents approximately one third of the world’s proven conventional and unconventional hydrocarbon reserves; Venezuela alone has approximately 300 billion barrels of proven conventional and unconventional reserves.¶ The United States Geological Survey’s 2012 “Assessment of Undiscovered Conventional Oil and Gas Resources of South America and the Caribbean” estimates that there is an additional 126 billion barrels of oil and 679 trillion cubic feet of undiscovered natural gas in South America and the Caribbean’s 31 geologic provinces, including 55 billion barrels in deepwater Brazil and approximately 14 billion barrels in the Guyana-Suriname offshore basins.¶ Most recently, a study from the EIA also showed that Argentina and Mexico are the third and fourth largest holders, respectively, of technically recoverable shale gas reserves in the world. According to this study nearly 50 percent of the world’s total shale gas reserves are in the Western Hemisphere.¶ Even though the Western Hemisphere’s proven natural gas reserves only represent approximately 10 per cent of the world’s total reserves they play an important role in the region’s energy balance.¶ With 305 tcf of proven natural gas reserves, the United States is the largest regional holder of natural gas reserves followed by Venezuela with 176 tcf of proven natural gas reserves; Canada, Mexico, Bolivia, Argentina, Peru, Trinidad and Tobago, and Brazil are also important holders of natural gas reserves. Peru and Trinidad and Tobago are the only two countries in the region currently exporting Liquefied Natural Gas (LNG).¶ As the United States becomes a future exporter of LNG, it would have a considerable impact in the region’s LNG supply/demand balance, particularly as it would compete with regional exporters such as Trinidad and Tobago.¶ Clearly, Latin America and the Caribbean will continue to be an important strategic energy partner and continued future source of crude oil supply to the United States.

### Engagement Key to NRG Security

#### Challenges can be best be met with economic engagement

ROONEY 2013(MATTHEW M., DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Transparent, Effective Market Structures¶ Within the Americas there is broad support for democratic values, market-based economies, and regional integration. These shared values provide a base for robust engagement on energy¶ sector development. Our geographic proximity, technological expertise, and industry leadership make U.S. energy companies highly competitive in the region’s expanding markets.¶ Our work under ECPA and Connect 2022 supports regional market development and business opportunities. Increased electrical interconnection in the region will open broad opportunities for investment in electrical generation and transmission, as well as in grid management technology - all areas where U.S. businesses are highly competitive. It will also help create a business climate that accelerates development of renewable energy as countries swap power with one another to more effectively utilize clean energy resources.¶ Additionally, we are working with the Department of Commerce, the Export-Import Bank, and the Overseas Private Investment Corporation to provide better and more readily available information on investment opportunities throughout the hemisphere that may be attractive to U.S. businesses.¶ We still face major challenges in the Americas. Countries that have pursued statist, non- transparent energy policies have seen their production decline despite high energy prices over the past couple of years. These countries have found it difficult to attract the necessary investments, both foreign and domestic, to help their energy production and economies grow. But our balanced approach of focused technical cooperation and broad policy discussions has provided an avenue for engagement with most countries in the region – even some with which we have significant differences. We continue to advocate open and transparent energy markets, free from corruption and reinforced by strong protections for investments, to help countries enhance output and promote long-term economic growth.¶ The Future of Energy in Western Hemisphere¶ As our closest neighbors and strongest trading partners, the energy and economic security of the hemisphere is critically linked to our own. Increased production, diversification of resources, and economic growth have increased regional energy security. We have maintained a sharp focus on furthering our national energy security, promoting alternative and renewable sources of energy, fostering energy efficiency, promoting environmentally sound production and use of energy, and ensuring the stability and security of the international energy supply. Continued progress toward a cleaner, more diversified energy future will require patience, continued commitment, and robust engagement.¶ Thank you Mr. Chairman, Mr. Ranking Member, and members of the Committee for your time. I appreciate your continued support and attention to this issue and the opportunity to testify. Thank you.

#### Current partnerships can be expanded and used for additional engagement

GOLDWYN 2013(DAVID L., PRESIDENT AND FOUNDER, GOLDWYN GLOBAL STRATEGIES,HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

B. The Status of Current Dialogues¶ The US has had a number of bilateral and multilateral energy policy forums in the hemisphere over the years. These forums are platforms to understand market dynamics, share best practices on energy efficiency and conservation, share understanding on ways to enhance energy production, and exchange views on how a nation’s energy policies may be enhanced or reformed to promote the nation’s own policy. These policy dialogues are also essential for building the understanding and relationships that are essential for trade promotion and conflict resolution.¶ Numerous dialogues and programs have been enacted since 2008, when I wrote that engagement with the Western Hemisphere needed to be renewed. Among those are a number of programs and initiatives aimed at energy relations.¶ The Energy and Climate Partnership of the Americas (ECPA) was founded at the invitation of President Obama following the April 2009 Summit of the Americas, hosted in Trinidad and Tobago. ECPA was intended to focus on issues including energy efficiency, renewable energy, cleaner and more efficient use of fossil fuels, energy poverty, and infrastructure, and Secretary of State Clinton later proposed expanding the focus to include sustainable forests and land use and climate change adaptation. ECPA brings together governments and public and private sector partners to implement initiatives and complete projects, and boasts numerous initiatives in Central and South America and the Caribbean.¶ Among the ECPA Initiatives are the Colombia Biomass Initiative, which aims to develop a technological plan for the production of energy from agroindustrial biomass, and the Chile Renewable Energy Center, which is intended to serve as a tool and resource for the region as it seeks to increase its use of renewable fuels. Both projects are undertaken in collaboration with the U.S. Department of Energy, which provides technical assistance and opportunities for collaborative work.¶ Numerous dialogues exist today between the U.S. and Brazil. The U.S.-Brazil Strategic Energy Dialogue (SED), a presidential-level partnership aiming to deepen energy cooperation between the two nations, is one of the most significant. Strengthening energy security, the creation of new jobs and industries and reduction of carbon emissions are key goals of the SED. Major topics of the dialogue include biofuels, renewables and the sustainable development of oil and gas resources.¶ The US has a trilateral energy policy dialogue with Canada and Mexico, which has addressed electric power, energy conservation, harmonization of standards and market outlooks. It has taken many forms, but it functions very well. In May 2012 the U.S., Mexico, Canada Map of Potential Carbon Dioxide Storage Capacity was released, identifying capacity in North America for at least 500 years worth of carbon dioxide emissions. The “New North American Carbon Storage Atlas” was created through the North American Carbon Atlas Partnership, and was developed by DOE, Natural Resources Canada, and the Mexican Ministry of Energy.¶ We have many paths for cooperation. What we need now is a sharper focus on what we should prioritize, so we can maximize our impact and make the most of the limited engagement of our senior officials.

### Investment in Mexico Key

#### US is developing energy sector now; must invest in Mexico to solve energy resources

PASCUAL 2013(CARLOS SPECIAL ENVOY AND COORDINATOR FOR INTERNATIONAL ENERGY AFFAIRS, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Ambassador PASCUAL. Thanks so much, Chairman Salmon, Ranking Member Sires. It is a great pleasure to be with you here today and to have this opportunity to have a discussion of the Western Hemisphere to look at the energy potential in the region and to be able to learn from one another on how we can develop this great potential that you have been mentioning already.¶ The United States is undergoing an energy revolution. Innovative technology, entrepreneurship and strong commodity prices have spurred the production of shale gas, shale oil, and offshore oil. Combined with vehicle-efficiency measures, the United States has decreased fossil fuel import dependence. Our experience in unconventional oil and gas opens commercial and technological opportunities for U.S. businesses. We are on the verge of comparable breakthroughs in renewable energy, which could provide similar benefits for U.S. industry and job creation. U.S. leadership on these opportunities will have an important implication for continuing and long-term energy security in North America and the rest of the Western Hemisphere.¶ The U.S. Energy Information Administration estimates that the United States has 24 billion barrels of shale oil resources. The State of North Dakota produces more oil than Ecuador, an OPEC member. We have gone from importing more than 60 percent of the oil we consumed in 2005 to less than 40 percent last year. Canada and Mexico alone accounted for 38 percent of our oil imports in 2012. The potential for North America can multiply this type of transformation that we are seeing today.¶ While Canadian and U.S. oil production have been rising, Mexican production has dropped since 2004. Mexican President Enrique Pena Nieto, as Congressman Sires has noted, has now made energy reform a priority. If it is successful, imagine these possibilities: If Mexican production could regain the level it had in 2004, by 2035 North American production can rise from 18 million barrels a day to over 23 million barrels a day. That jump alone in volume ap- proaches the current combined production of Iraq and Venezuela, to give you the scale of possibility that exists in our hemisphere.¶ A similar story is playing out in global natural gas markets. In the last 5 years, U.S. gas production has increased 24 percent. Natural gas once intended for the United States is meeting demands in markets around the world. New supplies for Mozambique, Nor- way, Russia, and Australia are revolutionizing the world’s gas mar- kets. The potential in Mexico has only started to be explored.¶ These revolutions in oil and gas build a picture in which North America can be a hub not only for U.S. energy security, but global energy security. We have to keep seeing the hemisphere in that context that is the foundation for stability and security for the entire world, and this can come with benefits for stabilizing markets and contributing to our economic growth at home.¶ There are also opportunities in Argentina, Brazil, Colombia, Peru, Trinidad and Tobago. Their challenge, the challenge of these countries, will be to attract the commercial investment needed to enable development, and each country is approaching this chal- lenge differently.¶ Venezuela, with one of the largest oil reserves in the world, faces a critical moment. Since a peak in 1997, production has declined by about 1 million barrels per day. With the upcoming elections Venezuela’s new leadership will have the chance to create an environment that attracts investments and technologies that are revo- lutionizing global markets elsewhere and potentially could benefit Venezuela’s people, its economy, and world markets as well. That choice is one they have to make regarding the kind of policy envi- ronment they set for international investment.¶ Throughout the Americas, the exciting prospects for commercial opportunities and economic growth are just as great in the power sector. The International Energy Agency estimates that the Americas, excluding the United States, will require $1.4 trillion in power sector investments by 2035 to meet electricity demand.¶ Our companies are already associated with 4.5 gigawatts of lower-carbon-energy development in the region. For example, a U.S. company, Sempra, plans to build a 1.2-gigawatt wind farm in Mexico, where the first phase will generate 156 megawatts with a U.S. $300 million investment. OPEC and Ex-Im are considering an additional $650 million in clean-energy projects in Mesoamerica in 2014. The Brazilian Government has announced plans to spend more than U.S. $330 billion in power generation and transmission through 2021. These are all opportunities for American business for trade and investment.¶ As we work to expand the potential for energy revolution in the region, we cannot forget the Caribbean. The islands of the Carib- bean have been saddled with some of the highest electricity prices in the world, as much as four to five times what we pay here in Washington, due to their dependence on imported diesel fuels. Technology and good business practices can give them an alter- native.¶ For example, Ex-Im Bank has provided a $6.4 million loan guar- antee to finance the export of the SolarWorld Americas solar mod- ules to Barbados. OPEC is going to provide $50 million to support the Caribbean Idea Marketplace, a business competition designed to foster collaboration among Caribbean diaspora entrepreneurs. Just in the past few days, we heard from colleagues in the Domini- can Republic, new projects that are being considered to tap the vast gas potential that could exist in the United States and could allow creative power-generation projects in the Dominican Republic.¶ Entrepreneurship and innovation rooted here in the United States has given us a remarkable opportunity for this hemisphere with global significance. Innovation and resources are allowing us to grow economically and to protect our national security. We can do this in ways that protect the planet, and as we expand these opportunities regionally and globally, we will create jobs at home. It is a moment of opportunity that we cannot waste.¶ Thank you for the opportunity to discuss these important issues with you today. And I appreciate your willingness to add our wit- ness statement to the record as well.

### US Lead K Mexico Investment

#### Mexico production slipping now; must have US investment to succeed

**PASCUAL 2013** (CARLOS SPECIAL ENVOY AND COORDINATOR FOR INTERNATIONAL ENERGY AFFAIRS, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Thank you Chairman Salmon, Ranking Member Sires, and members of the sub- Committee. I appreciate the opportunity to be here today to discuss our perspectives on the importance of energy in the Western Hemisphere. This is a story that integrates geopolitics with the extraordinary technology boom in our energy sector today, and it sees tremendous opportunities for U.S. energy security, commercial interests, and regional development and stability.¶ The United States is undergoing a revolution in our energy sector. A combination of technology innovation, entrepreneurship, and strong commodity prices has spurred a revolution in the production of shale gas, shale oil, and offshore oil. Production, combined with vehicle efficiency measures has decreased U.S. import dependence on fossil fuels. A decade ago, most experts predicted that the United States would become the world’s largest importer of liquefied natural gas – today, we’re seen as potentially one of the world’s more significant exporters. Our experience in unconventional oil and gas opens an array of commercial and technological opportunities for U.S. companies. We are on the verge of a similar revolution in renewable energy, which, if developed well, can provide similar benefits for U.S. industry. At this crucial moment, U.S. leadership on these opportunities will have important implications for continuing and long-term energy security in North America and the rest of the Western Hemisphere.¶ The energy trading relationship with Canada is a cornerstone of North American energy security. The U.S. Energy Information Administration (EIA) estimates that the U.S. has 24 billion barrels of shale oil resources, and the state of North Dakota now produces more oil than Ecuador, an OPEC nation. Proven Canadian oil reserves are estimated at 175 billion barrels. As essentially all Canadian energy (oil, gas, and electricity) exports are to the United States, our countries have an unparalleled energy trading relationship, but it is also experiencing a phase of adjustment as U.S. production of oil and gas soars.¶ As the United States and Canada experience an increase in production, trade, and interconnectedness, the trend has been quite different with Mexico. Mexico has 10.2 billion barrels in proven reserves, but its production fell by 23 percent from 2004 to 2011, and nearly all projections forecast Mexican production will continue to decline in the short-term. This significant trend is often attributed to the maturation of major fields and the challenges for the national oil company, PEMEX, to maintain the necessary levels of investment in the sector. Newly elected Mexican President Pena Nieto has made energy reform a priority, and if it is successful, Mexico could attract international investment to develop its hydrocarbon resources. This would strengthen both North American energy security, and Mexico’s fiscal position.¶ Despite the challenges facing Mexico in the near term, the exciting story here is that North America as a whole could boost national and global energy security. Global oil prices are increasingly driven by the demand of non-OECD countries, mainly China and India. For this reason, increased North American production could be critical to world supplies, and provide greater consumers and economic growth.

#### Agreement for energy development is key; US must take the legislative lead

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Ambassador PASCUAL. Certainly. First of all, on the trans- boundary agreement, transboundary maritime agreement, the pur- pose of it was to look at the area which is 1.4 miles on north and south of the border between Mexico and the United States, the nautical border. What in effect we have had thus far is a moratorium in the western gap, but in reality a moratorium over that entire area, because any company that might be looking at any kind of hydrocarbon development is going to look at it with uncertainty because there is a lack of clarity over the ownership of resources.¶ The discussions on this agreement began in September 2009 when I was Ambassador to Mexico. We went through a negotiation process. There were extensive consultations with industry in the United States as well as a nongovernmental sector. The agreement was signed in February of last year. The Mexican Parliament has actually ratified that. It is now with the United States to actually pass the implementing legislation that is needed to be able to act on some of the key provisions to be able to implement it.¶ The language for that agreement has been put forward to the Congress. The administration is fully supportive of moving forward with it as quickly as it possibly can. This is something which the industry feels is positive, because it provides a way of giving greater assurance to develop the resources that are on our side of the border when there are reservoirs that cut across the border; pro- vides a mechanism between Mexico and the United States to create units and cooperation among those units, and where there is ad- vance agreement where in that unit one company gets 60 percent and another one gets 30 percent, or whatever it is, and you know when the oil comes out, there is no argument about how to divide it up because you have already created the unit and reached an agreement ahead of time of how to separate it. And it provides great environmental benefits as well, because it creates a mechanism that allows us to support the Mexican Hydrocarbons Commission. It allows us to be able to, within the individual agreements, ensure that the standards comply with American standards on the environment.¶ And so it really is a win/win. And so we are extraordinarily encouraged about the positive reception we have seen among various Members of Congress.¶ What it really needs right now is a vehicle to be able to move it forward, and if any of you can be helpful in that and give some direction and guidance to how that might be able to be done, we would be extraordinarily appreciative.

#### Alternative energy investment key to development in Latin America region

ROONEY 2013(MATTHEW M., DEPUTY ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, U.S. DEPARTMENT OF STATE, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Chairman, Ranking Member, honorable Committee members, it is a pleasure to be here today to testify on energy issues in the Western Hemisphere. We welcome the Committee’s attention to this issue and appreciate its support of our efforts to advance U.S. and regional energy security throughout the hemisphere.¶ The Americas hold tremendous strategic importance to the United States in terms of energy. Latin America is home to the second largest reserves of oil outside the Middle East. Currently, over 50 percent of the United State’s oil imports come from countries in the Western Hemisphere. As energy demand continues to grow – both globally and in the region – all countries in the hemisphere have a vested interest in developing energy resources and capacity to fuel sustainable economic growth. But we should also take a broader view of the central role that energy plays in the lives of our citizen. Energy touches everything, and is at the crux of some of the most pressing social, financial, and environmental issues we deal with in the region.¶ This is why our engagement on energy continues to be a central part of our broader economic policies and engagement strategy in the region. While our efforts are wide-ranging, our strategy is focused. Through both bilateral and multilateral efforts, we are supporting regional energy security by promoting the safe, sustainable development of energy resources; increased access to affordable, reliable energy services; and the development of transparent, effective market structures that incentivize private sector investment and provide opportunities for U.S. businesses in the region.¶ A Safe, Sustainable Energy Future¶ In coming years, our energy interdependence with the region will only increase, as oil producers such as Canada, Brazil, and Colombia ramp up output, and Mexico, already a major energy producer, considers important reforms to increase its production. This is why we’re focused on working with our hemispheric partners to ensure that hydrocarbon resources – both conventional and unconventional – are developed safely, efficiently, and sustainably. The United States has extensive experience and has developed significant expertise in permitting, regulatory oversight, and incident response planning for conventional and unconventional resource exploration and extraction. The Administration is sharing these environmental,¶ regulatory, legal, and commercial best practices with other countries in the region to ensure that resources are developed in a responsible and environmentally-sustainable manner.¶ But while countries like Canada, Mexico, Brazil, and Venezuela have significant hydrocarbon resources, others in Central America and the Caribbean are fully dependent on importing energy, and do so at a high price. In the Caribbean, over 90 percent of commercial energy consumption is petroleum-based, and over 95 percent of all electricity is generated by fossil fuels. This over-reliance on one resource is incredibly expensive, rendering these countries less competitive and unduly vulnerable to price shocks and geopolitics.¶ This is one of the many reasons it makes sense to focus on the Western Hemisphere’s large potential for renewable energy. In many Latin American countries, hydropower already plays an important part in their energy mix; most countries also possess significant wind, solar, geothermal, and bioenergy potential. In Latin America and the Caribbean, where electricity prices are high, renewable energy technologies, such as solar and wind, can be quite cost- competitive with respect to thermal generation. Despite these advantages, countries in the region have historically been slow to adopt the use of renewable energy, with the exception of hydropower and traditional biomass, due to the small scale of individual markets, lack of awareness, inadequate regulatory policies, and a shortage of private investment or other forms of project financing.¶ In recent years, however, interest in exploiting the region’s renewable energy potential has been increasing steadily. Through the Energy and Climate Partnership of the Americas (ECPA), which was launched by President Obama at the 2009 Summit of the Americas, the United States is working with governments, the private sector, and NGOs in the region to promote development and deployment of renewable resources and technologies in places where those technologies can make a difference. For example, through a pilot-project grant to the Organization of American States, we supported the installation of solar panels at the National Energy Commission headquarters in the Dominican Republic, the country with the highest rate of power outages in the region. The Government of the Dominican Republic is now seeking to install solar panels on other government buildings, and has highlighted this project as a best practice to be replicated country-wide.¶ In South America, governments are taking note of the benefits that renewable technologies can offer, and are integrating them into their grids and establishing renewable energy targets. Coupled with a decrease in technology costs and government incentives for investment, this has spurred growth in renewables, particularly in wind and solar. Industry experts predict that more than 450 megawatts will be generated by grid-connected photovoltaic solar panels installed in Latin America and the Caribbean this year, up from just 100 megawatts in 2012. Brazil, Chile, and Mexico are expected to be the drivers of the majority of the growth.¶ It is important to acknowledge that energy development projects, either with conventional or renewable resources, are not without controversy. In recent years, large-scale hydropower projects have begun to attract more concern among human rights and environmental groups. Such projects can require land acquisitions and resettlement of people, lead to soil erosion of surrounding land and adversely affect animal and plant life of the region. The construction of new transmission lines can improve the stability of power markets, lower prices for consumers, and increase access to electricity, but their construction can also have adverse environmental impacts. Communities are often caught in the middle. Our engagement, however, can help bridge these issues. In Panama, for example, an indigenous community in the Embera region was opposing proposed transmission lines that would run through its territory. Our embassy in Panama invited the community’s leaders to visit the United States and meet with U.S. government representatives and indigenous groups in the Pacific Northwest to learn how to negotiate with power companies. During their visit, they told us: “We know this is a business proposition, and we know that no one will benefit if the line is not built. But we also want development, and we also need energy.” Since their visit, the Interconnection Colombia Panama consortium has been working with the community, which has now approved the initial stages of environmental assessments for the transmission lines, and the government is taking steps to address their energy needs through the Government of Panama’s Department of rural electrification.

### US Key to NG Production

#### Mexico has shale gas potential; US must use its own technologies to develop

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Natural Gas Market Development¶ A similar story is playing out with global natural gas markets. As U.S. natural gas production, largely from unconventional sources, has increased from 18 to 23 trillion cubic feet (tcf) since 2005, there has been a boom in manufacturing and other industries, and reductions in green house gas emissions. Canada is exploring opportunities to export Liquefied Natural Gas (LNG), and has attracted significant American, Malaysian, Chinese and UK investment in the sector. Mexico’s shale gas potential is enormous as its northern border contains portions of the Eagleford Shale play that is producing gas and gas liquids in Texas, and Argentina has great potential as well. In this formative stage of unconventional gas development, the United States has a critical role: as the pioneer of shale gas technologies and with significant industry talent and capability, we can share lessons learned and best practices with other countries that choose to explore their own shale gas resources, and help them do it in a sound and sustainable way. For example, preventing fugitive methane emissions not only preserves a valuable product, but also avoids emitting one of the most dangerous green house gasses. In addition to helping other countries prevent avoidable mistakes, this outreach brings more confidence and stability to gas markets, which are still in the formative stages of development. While gas is not yet a global commodity, we may witness, in the coming years, vast increases in gas production from an increasing number of countries. With respect to markets, this will tend to create an environment of greater competition, which can drive down costs and bring benefits to consumers. But it will also have extensive geopolitical consequences.¶ Just 20 years ago, most gas importers, particularly those in Europe, relied on pipeline monopolies for gas supply. The countries that supplied these point-to- point pipelines had significant leverage over those that depended on them. However, gas markets are now evolving towards Liquefied Natural Gas (LNG) trade, which can be shipped in tankers to any place in the world with LNG import terminals. The United States’ own decision on whether to allow the export of LNG will be completed by the Department of Energy. Beyond the United States, gas markets are changing globally. Currently, the second largest gas reserves in the world are in Iran. Whether those resources are used to compete in a global marketplace, or are used to gain excess leverage, is a concern for the United States. Therefore, it is in our interests to see strong, competitive gas markets that preclude suppliers from using gas as a geopolitical point of leverage with its neighbors. It is also one more reason why the ability to produce more gas resources in the Western Hemisphere is also in our own national interest to support.

### US Key to Energy Invest

#### Current climate is ripe for US investment; beneficial to policies

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The global energy economy is undergoing significant changes, and the unconventional oil and gas revolution in the U.S. has played a large role in transforming global markets. The transformation of these markets could impact the entire Western Hemisphere. Regional producers will largely see market growth in Asia, not the U.S. Energy consumers will benefit from increased energy supply stability, resulting from exports of petroleum products from the U.S., and, potentially exports of light oil and natural gas as well. Latin American producers will have to compete for capital with unconventional energy investment opportunities in Canada and the U.S., both of which offer a more stable investment environment, better terms of investment, and a more favorable and welcoming political climate. This could be a pathway to developing more open societies in the hemisphere, with more productive economies.¶ All of this is evidence that the U.S. needs a fresh approach to energy diplomacy in the hemisphere. The United States will enhance its energy security by engaging the region on issues that concern its people: job creation, poverty alleviation, migration, and trade promotion. An asymmetrical approach, one that addresses a broad range of issues rather than just energy security, may pay dividends equal to or greater than one focused solely on energy. But the opportunities for creative energy diplomacy are numerous. The U.S. can explore avenues for improving the investment climate of the Hemisphere, spreading advanced clean and unconventional energy production technology in the Hemisphere, advocating for shale gas and renewable energy technologies as climate-friendly alternatives to oil and gas, and weaning Caribbean nations off fuel oil as a primary energy source through the export of LNG. These initiatives, if realized, would render positive benefits for U.S. influence in the Hemisphere and for our broader energy and climate goals simultaneously. The U.S. must also ensure that it has the flexibility to utilize sub-regional energy dialogues and that any new framework strengthens, rather than weakens, the energy diplomacy missions of the Department of Energy and the Department of State.

#### United States needs to re-engage countries in the region; key to energy strategies

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III. The Impact of Hemispheric Energy Trends on U.S. Foreign Policy¶ The tight oil boom will produce competitive pressure on the region’s oil and gas producers. If global oil prices soften, revenues could fall significantly and put major fiscal pressure on governments highly dependent on resource revenues for their budgets. The market will impact these economies far more than any U.S. policy can. But there will be a debate over economic frameworks in the hemisphere, and the U.S. should be a part of it. While U.S. influence in the hemisphere has waned in key areas in recent years, our ability to help these economies revive through energy investment, and to grow through more competitive energy feed stocks can help change this pattern if we take advantage of it. We have key strategic partners in the region including Brazil, Mexico, Chile, Argentina, and Colombia. We can effectively use trade as a tool for good, as witnessed by the US-Colombia Free Trade Agreement. We need to appreciate the salience of legitimate regional issues like poverty and advocate how our economic and political¶ models can alleviate them. Examples of this are addressing trade barriers to agricultural imports, expanding educational opportunities in the U.S. for future leaders, improving the visa application process, dealing with migration issues with Mexico in a spirit of respect and fairness, supporting World Bank and Inter American Development Bank infrastructure programs in the hemisphere, supporting the development of civil society and the capacity of democratic institutions, and treating our relations with our hemispheric neighbors as intrinsically important, not as litmus tests of loyalty to the U.S. on issues external to the region itself. In countries where we face ideological competition, it is crucial that we do not abandon the field. We need to increase our diplomatic engagement and defend our way of thinking.

### US Key to Western Hemisphere Energy Devt

#### Venezuela oil is key to reform; US must lead the investment for efforts to be effective

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Geopolitics¶ In addition to the technical and investment challenges that must be overcome by the region, there are also significant geopolitical challenges. The Caribbean region suffers some of the highest electricity prices and lowest investment rates in the world. The energy security of many in the region, including the Dominican Republic, Jamaica, Haiti, and Cuba, relies upon Venezuela’s Petrocaribe agreement, which supplies below-market financing for Venezuelan oil, and has left a number of them in serious debt to the Venezuelan parastatal oil company, Petroleos de Venezuela S.A., or PDVSA. Venezuela’s oil policies going forward will continue to have important implications for the region, as well as the Venezuelan people. For countries in the region, a step toward greater energy diversification gives them the opportunity to lessen their dependence on imported oil, to build greater resilience in their markets and economy, and to enable those reforms that could bring down their electricity prices and give them the opportunity to compete.¶ Venezuela itself faces questions about its energy future. Despite extensive heavy oil resources, PDVSA’s oil production has been generally falling since 1997, due to a lack of capital investment and maintenance of its facilities, as well as the politicization of its workforce. The EIA estimates Venezuela currently produces¶ 2.5 million barrels per day, versus 3.5 million barrels per day in 1997. While the United States continued to import approximately 900 thousand barrels per day from Venezuela in 2012, the ascendance of North American production may affect this amount. But the greatest effects of Venezuela’s energy policy will be for Venezuela itself. In the last few years, ordinary citizens in Venezuela have been subject to longer and more frequent power shortages, which hurt businesses and affect everyday life. Many of these challenges could be tackled by addressing the commercial viability of the sector. Ultimately, this is a question for the Venezuelan people to decide for themselves.¶ Brazil is another place where political decisions will have a strong impact on energy security and international opportunities. Brazil has vast potential in the hydrocarbons sector, with pre-salt recoverable resources estimated at 50 billion barrels of oil equivalent, one of the largest and most advanced biofuels industries in the world, and extensive wind and hydro resources. Brazil has also begun to explore its potential in shale gas development. Brazil’s oil parastatal Petrobras, which has been given the lead in pre-salt development, faces significant technical, human and manufacturing capacity challenges to exploit these resources. Due to its economic growth over the last 10 years, Brazil is estimated to need to double its energy capacity in the next 10-15 years. Its power sector, like Colombia’s, is 85 percent reliant on hydropower. This mix, while it makes important contributions in terms of Brazil’s greenhouse emissions, has also led to severe power outages due to shortfalls in hydroelectric power plant capacity during peak demand periods. As Brazil faces these challenges and choses a strategy including local content requirements, its ability to draw on international skills and resources to ensure the safe and efficient development of its oil, gas, and renewables sectors will have major consequences for global opportunities in these sectors.¶ that last year’s YPF expropriation had on the overall investment climate in Argentina’s energy sector.¶ We hope that YPF’s recent agreement with Dow Argentina is a sign of a more productive attitude toward supporting a transparent and open investment environment. Argentina has great potential to help supply world energy markets and contribute to global energy security. Attracting private investment and creating confidence in Argentina’s business climate over the long term are elements of meeting their potential.¶ There are also some issues that are universal for all energy-producing countries, such as the need to develop new resources responsibly and transparently. The¶ ￼Another example is Argentina, which may have the third-largest shale gas reserves¶ ￼in the world. One potential challenge is the effect¶ “resource curse” thesis was first used in describing the situation in several Latin American countries, and countries in the region continue to face governance challenges today in managing these resources. A number have taken steps to address them, including by joining the Extractive Industries Transparency Initiative, and we will continue to make this a priority in our bilateral relationships with resource-rich countries in the region. The Energy Resources Bureau at the State Department also supports programs such as the Unconventional Gas Technical Engagement Program, the Energy Governance Capacity Initiative, and the Power Sector Program, which work to help countries throughout the hemisphere to explore conventional, unconventional, offshore resource development, and power sector development through technical assistance and sharing of best practices.¶ Fundamentally, the energy picture in the Western Hemisphere is deeply complex and interconnected, with spectacular opportunities for U.S. jobs, commercial interests, economic development, and energy security linked to the political perspectives in Canada, Mexico, Venezuela, the Caribbean, and beyond. As world energy markets transform, reflecting our own energy revolution, the United States has much to share and much to gain from being a formative part of the picture. This is especially true in the Western Hemisphere. From building North American energy security and shaping natural gas markets to paving the road for tomorrow’s commercial and innovative transformation, the United States must continue to lead, to share our best practices and lessons learned, to support transparency and an even playing field, and to give our companies and innovators access to tomorrow’s energy markets. All these activities are critical to achieve our own energy security, as well as to deliver greater economic development, energy access, and stability for a stronger, safer, and more prosperous future for the Americas. Thank you for the opportunity to discuss these important issues with you today.

### US benefits from technology transfers and energy investments

#### Markets are great for US investment; target countries would benefit from energy technology investment

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I. The Unconventional Energy Revolution¶ Only a short number of years ago, the U.S. was facing a future of resource scarcity. Domestic energy production was falling. Oil and gas imports were projected to rise. The advent of the so- called ‘shale gale’ has changed that outlook entirely. U.S. natural gas production has risen by 20 percent since 2000. Shale gas production alone grew from 0.75 Tcf to 7.85 Tcf between 2005¶ ￼¶ and 2012.1 Further innovations saw the same horizontal drilling and hydraulic fracturing technology expanded to the production of tight oil. U.S. crude oil production has grown from 5.2 million barrels per day (mbd) in 2005 to 6.5 mbd in 2012 as a result.2 As a share of that production, tight oil accounted for 1.2 mbd in 2011.3¶ We no longer expect to import significant quantities of liquefied natural gas (LNG). These cargoes, once bound for the U.S., were rerouted to other consumers. Many of the companies that built costly liquefied natural gas (LNG) import terminals are now seeking approval to build export terminals. The production of tight oil has changed the U.S. oil import scenario as well. While the U.S. will continue to import foreign oil for the foreseeable future, both to meet total demand and to fulfill the requirements of domestic refineries that are not designed to process the light tight oil, imports are expected to continue to fall. The EIA estimates that imports could be as low as 34 percent of total liquid fuel use in the U.S. in 2019, compared to 60 percent in 2005.4 This is as much a credit to demand side measures such as increased fuel efficiency standards, changed driving habits and biofuels as it is to increased supply. Some experts have even begun to call for a reexamination of the ban on crude oil exports, arguing that exports or swaps of light and heavy oil would be the most economically efficient manner to meet U.S. refinery needs, sustain U.S. production and capitalize upon the U.S. tight oil boom.¶ Our resource wealth has helped reduce our trade deficit from $753.3B in 2006 to $539.6B in 2012.5 Low cost natural gas has also advanced our climate agenda. Total U.S. GHG emissions have dropped from 7.2 to 6.7 billion metric tons of CO2 equivalent between 2007 and 2011.6 U.S. energy-related emissions of carbon dioxide have dropped considerably, falling to 5.3 billion metric tons of CO2 in 2012, the lowest emissions since 1994,7 in large part from substitution of natural gas for coal.¶ We have also become a significant supplier of petroleum products to Europe and the hemisphere. Our efficient refinery system allows us to make the gasoline we need, but also the diesel products we need and the fuel oil and other products imported by our neighbors in the hemisphere. Roughly 60 percent of U.S. crude oil and product exports go to nations in the Western Hemisphere, with over half of those exports going to Canada and Mexico. We thereby improve our export balance, increase domestic revenues and provide a more competitive market for petroleum products.¶ This great wealth of domestically produced gas and, increasingly, oil, leads some to believe that the U.S. is on the cusp of an era of “energy independence.” Many adherents of this line of thinking predict that the unconventional revolution will allow the United States to look inward and take less interest in international affairs, including those of the politically challenging countries that produce oil and natural gas in the this Hemisphere, the Middle East, Africa and¶ elsewhere. This is unlikely to happen. Despite more production from shale deposits like the Bakken in North Dakota, oil’s share of total U.S. energy demand is expected to decrease only to 32 percent from 36 percent in 2011 by 2040. Natural gas will increase its share to 28 percent from 26 percent and renewables will grow to 11 percent from 8 percent, according to the EIA.8 Oil, even that produced domestically, will continue to be priced at market levels, meaning that prices here will continue to be impacted by global events. The most strategic factor in American consumption will remain the price of oil and the effect of disruptions on the U.S. and the global economy, not the source or quantity of U.S. imports.¶ The shale boom will, or at least should, lead to changes in U.S. policy. We have the opportunity to use our energy supply and our technology as a powerful tool for good in the hemisphere and worldwide. By sharing our best practices for safe and efficient development of tight oil and gas formations, engaging our hemispheric partners on clean energy technologies, encouraging resource rich nations to practice transparency in how they manage their resource sectors, and being a direct supplier of oil, natural gas and products, we can help foster a more free and prosperous region.¶ A. The Unconventional Revolution: Impacts on Latin America¶ Latin America is a strategic region for U.S. foreign policy for many reasons. We are neighbors, trading partners, and investment partners, and we share deep familial and cultural ties. The hemisphere is largely democratic, with one notable exception. In the energy sphere, the hemisphere provides the U.S. with a large portion of our diverse of oil and gas supply and it remains an essential contributor to global oil and gas supply. For this reason, the failure of the hemisphere to realize its potential for growth is a serious concern for U.S. and global energy security. While the investment climate in key Latin American countries is deteriorating as state control increases, even in Venezuela access to exploration acreage remains superior to some countries in the Middle East. Additionally, the non-OPEC producers in this region exert counter- pressure on OPEC’s monopoly power.¶ Mexico and Central and South American nations delivered just over 12 percent of global oil production in 2012,9 and possess significant proved reserves, which are concentrated heavily in Venezuela, Brazil and Mexico. The region has also been a major refining center, and additional capacity is currently being planned and constructed with major projects underway in Brazil, although some delays have been experienced. Regional refineries were primarily designed to serve the specialized needs of U.S. markets. The most important exporters, Venezuela and Mexico, consistently rank in the top four sources of US oil supply along with Canada and Saudi Arabia. Venezuela averaged 0.95 mbd in 2012; Mexico averaged 1.03 mbd in that year.10¶ The impacts of the tight oil and gas boom on Latin America could be significant. Increased natural gas production in the U.S., if it leads to greater exports of LNG, will mean more supply for consuming countries at lower prices than are currently available to them. Such U.S. exports to the Western Hemisphere could help reduce Caribbean dependence on subsidized and high-carbon fuel oil supplies, including those from states whose goals in the region have been at odds with¶ U.S. interests. The U.S. has free trade agreements (FTA) with ten countries in Central and South America and the Caribbean. If we can allow some exports to countries that do not have FTAs with the U.S. we can help other major consuming nations as well. Natural gas consumption in non-OECD Latin America is expected to rise from .6 Tcf in 2008 to 8.8 Tcf in 2035,11 and U.S. shale gas exports could be a significant factor in meeting energy demand and lowering carbon emissions in the Hemisphere through the offset of coal and fuel oil.¶ There are great prospects for greater energy self-sufficiency in the hemisphere, which will provide economic gains from lower cost energy, production related job growth, and reduced dependence on high carbon fuels for power generation. A report published in 2011 by Advanced Resources International, Inc. (ARI) for the EIA estimated that there could be as much as 1,195 Tcf of natural gas in Latin America.12 ARI estimated that the largest potential reserves of shale gas in Latin America are located in Argentina, Mexico, and Brazil, with 774, 681, and 226 Tcf of estimated reserves respectively.13 Smaller shale gas resources, less than 70 Tcf apiece, were estimated in Chile, Paraguay, Bolivia, Uruguay, Colombia and Venezuela. The U.S., through the Unconventional Gas Technical Engagement Program (UGTEP) at the Department of State (the successor to the Global Shale Gas Initiative I launched during my tenure at the US Department of State), is actively engaged in assisting foreign countries develop their unconventional gas resources safely and efficiently. Through UGTEP the Department of State partners with the Department of the Treasury, , the U.S. Geological Survey (USGS), the Department of Interior, the Department of Commerce’s Commercial Law Development Program, and the Environmental Protection Agency (EPA). UGTEP can offer nations expertise on scientific, technological, legal, commercial and environmental issues related to shale gas development. Some nations, like Argentina and Colombia, are already making strides towards developing domestic programs for shale gas exploration and production.¶ The unconventional revolution will also force the resource-endowed nations of the Western Hemisphere to develop more competitive investment frameworks. North America has become the investment destination of choice, with large markets, attractive fiscal terms, strong rule of law and respect for contract sanctity in the U.S and Canada. As will be discussed in greater depth, many Latin American countries are noted for resource nationalism, volatile investment frameworks, and political extremes rather than stability. In order for Latin America to compete, investment terms will have to improve and regulatory frameworks must be enforced with equity and consistency. In short, the southern half of the Hemisphere must prove that it can adapt to changing markets, resource bases and technologies in order to compete with the opportunities found in North America. The prospects for this adaptation are mixed, providing opportunities for U.S. energy diplomacy.

### Mexican investment climate desirable now

#### Once considered a bad investment, changes in Mexico’s political climate have made the country a desirable investment

GOLDWYN 2013(DAVID L., PRESIDENT AND FOUNDER, GOLDWYN GLOBAL STRATEGIES,HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

II. Energy Trends in the Western Hemisphere¶ The Western Hemisphere has seen the rise of two trends in energy governance in recent years. One trend is towards rising state control of energy resources – in Venezuela, Argentina, Bolivia and Ecuador in particular. The concern here is that this trend will limit the growth of global supplies of oil and gas by undermining the value of existing investments, discouraging future investment and leading to political instability resulting from declining living standards. The economic consequence of this trend is that the hemisphere will contribute less to the diversification of oil supply, thereby engendering a tighter international oil market more vulnerable to the negative effects of supply shocks, increasing the importance of OPEC supply and, over time, undermining economic development in the region. The political consequences of these trends include the decline of U.S. influence in the region relative to competing ideologies and the erosion of democratic structures.¶ A second, much more positive, trend is towards creative fiscal regimes that welcome foreign investment and require state owned companies to compete with international companies, with independent regulators that promote fair and efficient regulation. Countries observing this model are increasing production or stalling the decline of existing reserves. Colombia, Trinidad and Tobago, and Peru are key examples of this creative model.¶ When I last testified on Latin American energy trends before Congress, Mexico was generally considered to be a part of the first group, making the net trend negative. Today, however, Mexico’s government is actively seeking reforms that include, but are certainly not limited to, the energy sector. A new question mark hangs over Brazil, however. While Petrobras had been viewed as an exemplar national oil company in recent years, it has recently seen its production estimates curtailed, and its market value tumble. The company is no longer second in value only to Exxon Mobil. Perhaps as a sign of changing regional dynamics, Petrobras is now reported to be worth less than Colombia’s national oil company, a development that would have been thought to be nearly unthinkable just a few years ago. 14 While natural gas production is rising, oil production is falling, as Petrobras has faced major challenges fulfill both its newfound responsibilities in the deep and ultra-deepwater subsalt resources, companies face challenges meeting aggressive local content requirements and Petrobras struggles to meet the political expectations of the government.¶ Venezuela and Mexico are the most important oil exporters in the hemisphere. While Brazil, Colombia and Argentina are important destinations for foreign investment, and helpfully produce enough oil to meet their own domestic needs and make some contribution to the global export market, they are not strategic suppliers to the global market at this time. Only Mexico, Brazil and Venezuela produce more than a million barrels per day, although Colombian crude oil production rose as high as 944,310 barrels per day in 2012,15 and Federico Renjifo, the Colombian Energy and Mining Minister, has stated that the country expects to produce 1.01 mbd in 2013.16 Bolivia has enormous gas reserves, but exports mostly to Brazil and modestly to Argentina. Only Trinidad and Tobago is a key supplier to the world gas market.

### Regulations Key

#### Must protect investments; must have mechanisms for those investments

PIN ̃ON 2013(JORGE R., ASSOCIATE DIRECTOR, LATIN AMERICA AND THE CARIBBEAN PROGRAM, CENTER FOR INTERNATIONAL ENERGY AND ENVIRONMENTAL POLICY, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

Today Latin America’s energy potential is being undermined by a number of serious geopolitical uncertainties, along with economic, environmental, social and regulatory issues that could impact the monetization of the region’s rich hydrocarbon resources.¶ High political risk, onerous fiscal and contractual terms and conditions, populist political rhetoric and the nationalization of foreign oil companies’ assets have caused a decline in exploration and production investment both from the state and private sectors in Venezuela, Ecuador, Bolivia, Argentina and Mexico, seriously threatening the monetization of their rich hydrocarbon resource base.¶ The nationalization of privately held oil and natural gas assets by a number of governments, such as Venezuela’s 2007 appropriation of Conoco and Exxon-Mobil assets and Ecuador’s 2006 expropriation of Occidental Petroleum assets underline the reality of “resource nationalism” in Latin America and illustrate the potentially negative impact on future development of the region’s hydrocarbon resources.¶ Also most recently Argentina’s confiscation without compensation of 51 percent of YPF shares, owned by the Spanish oil company Repsol, reinforces the challenge of resource nationalism in the region. If Argentina, a member of the G20, can carry on these policies without having to face the consequences, the Rule of Law could be seriously undermined, creating a domino effect in other Latin-American countries, further deteriorating the much needed investment climate of the region.¶ The contentious legal dispute by the government of Ecuador against Chevron for the ecological damage caused by Texaco and its partner PetroEcuador in the development of the Lago Agrio oil field during the 1970s is another example which tends to question the seriousness of some governments in their long term commitment toward the sustainable development of their natural resources.¶ In order to take advantage of the vast energy investment opportunities in the region, the U.S., and the international community at large, has to strengthen the credibility of investment protection principles and instruments.¶ Established energy producers such as Colombia, Ecuador, Brazil, Peru, Bolivia, and Mexico, and new oil players such as Guyana and Uruguay will face huge technological challenges in both upstream and downstream resource development and environmental stewardship, along with governance and social responsibility issues related to the management of hydrocarbon resource development.¶ The development, production, and commercialization of conventional, unconventional, and renewable energy resources is highly capital intensive and requires a high degree of technological evolution, research, and development¶ If countries want to increase energy and resource development activities they have to offer fiscal and contractual terms and conditions which offer an acceptable rate of return to investors commensurate with their potential and associated technical and commercial risks.¶ Host governments fiscal and regulatory investment models objectives are;¶ • Maximize government revenues from oil and natural gas resources¶ • Increase and or replace resource base and production¶ • Attract foreign investment¶ • Technology transfer¶ • Infrastructure development¶ • Job creation¶ The objectives of investor’s (International Oil Companies) are;¶ • Return on capital commensurate with commercial, technological and political risks¶ • Increase and replace hydrocarbon reserves¶ We need to encourage the design of fiscal and investment models that create alignment between the objectives of host governments and foreign investors, while promoting good governance standards and behaviors by reinforcing throughout the region the need for:¶ • Rule of law: incorruptible law enforcement agencies and an independent judiciary, where legal actions and enforcement follows rules and regulations.¶ • Division of responsibility between the supervisory, regulatory and enforcement authorities.¶ • Accountability, where public and private institutions are able and willing to show the extent, to which its actions and decisions are consistent with clearly-defined and agreed-upon objectives.¶ • Transparency, where government actions, decisions and decision-making processes are open to an appropriate level of scrutiny by others parts of government and civil society.¶ • Integrity, essential for building strong social responsible public and private institutions resistant to corruption.

### Invest in Refineries Key

#### Crude oil production is outpacing abilities to refine the oil; must invest to close the gap

PIN ̃ON 2013(JORGE R., ASSOCIATE DIRECTOR, LATIN AMERICA AND THE CARIBBEAN PROGRAM, CENTER FOR INTERNATIONAL ENERGY AND ENVIRONMENTAL POLICY, ENERGY OPPORTUNITIES IN LATIN AMERICA AND THE CARIBBEAN, HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION APRIL 11, 2013 http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/)

According to the International Energy Agency (IEA) Latin America and the Caribbean’s petroleum demand will grow in 2013 by 3.1 percent to 6.6 million barrels per day triggered by an increase in vehicle use from a growing middle class.¶ Even though the region is rich in crude oil and natural gas reserves it has a considerable deficit in the refinery capacity needed to monetize liquids production into commercial petroleum fuels, much needed to satisfy its growing regional demand.¶ The situation is compounded by the low operating efficiency and lack of heavy bottoms conversion capacity of its existing refining system; in 2011 refinery throughputs in Latin America and the Caribbean were only 71 percent of its available refinery capacity of 8.2 million barrels per day.¶ Crude oil exporting countries such as Venezuela, Mexico, Colombia, Ecuador, Brazil, and Argentina are also importers of petroleum fuels such as gasoline and diesel, much needed to supply their growing markets.¶ For the first time since 1949, in 2011 the U.S. became a net exporter of petroleum products. This was due in part to reduced domestic fuel demand and in part to increased production of record amounts of gasoline and diesel from new processing conversion capacity in the Gulf of Mexico coast refineries. Approximately 50 percent of total US petroleum exports in 2012 were destined to Latin America and the Caribbean.¶ It is highly unlikely in our opinion that the more than 2 million barrels per day of new refinery capacity construction planned in countries such as Mexico, Venezuela, Brazil, and Ecuador will materialize in the next five years; the only new major grass-roots refinery project that is moving forward and will be completed in the near term is the 230,000 barrels per day Abreu e Lima refinery in the state of Pernambuco, Brazil. Latin American refinery expansions planned for this decade will not be enough to stem the region's growing dependence on imported fuels from the United States.¶ Lastly another important challenge in the region is the shortfall of qualified human capital in science, technology, engineering, and mathematics (STEM) degree programs in institutions of higher learning, particularly in the geosciences and engineering areas of study needed to develop and manage the sustainable production of national energy resources.¶ We believe that academic institutions can play the role of thought-leaders and agents of positive change by transferring knowledge and best practices, thus providing developing countries the opportunity to become fast learners, to avoid mistakes made by others, and to have access to existing processes, research, and best practices that may be beneficial to their specific energy and sustainability needs.¶ Programs such as Brazil’s “Scientists Without Borders” and the United States’ “100,000 Strong in the Americas” promote collaborative academic partnerships between United States and Latin American and Caribbean academic institutions in order to support research and development for new or refined knowledge and ideas in the sustainable development of new technologies to improve the region’s energy, economic, and environmental challenges by:¶ • Promoting institutional exchanges by inviting faculty and staff of the cooperating institutions to participate in a variety of teaching and/or research activities and professional development.¶ • Receiving undergraduate and graduate students of the partner institutions for periods of study and/or research.¶ • Organizing symposia, conferences, short courses, and meetings on research issues.¶ • Carrying out joint research and continuing education programs.¶ • Exchanging information pertaining to developments in teaching, student¶ development, and research at each institution.¶ According to the National Science Foundation worldwide R&D expenditures totaled an estimated $1.276 trillion in 2009 (the latest year for which data are available). The United States accounted for about 34 percent of this total, followed by Southeast Asia with 28.9 percent, Europe with 25 percent and South Asia with 2.6 percent; South and Central America and the Caribbean, at the bottom of the list with 2.4 percent of total R&D expenditures.¶ The University of Texas at Austin has 100-year history of education and research throughout Latin America and the Caribbean. As a result, the University has a vast array of resources that can be utilized to assist in understanding and addressing energy and sustainability issues of importance to the region. These internal assets are force-multiplied by the fact that many of our graduating international students have returned to their home countries, achieved prominence in government, industry, and academia, and can be easily engaged in cooperative discussions and projects.¶ The University of Texas at Austin’s President William Powers, Jr. will be visiting Brazil June 5-6 promoting the “Scientists Without Borders” program, which will open the way for the Brazilian government to fund graduate study in the United States for promising Brazilian students in STEM fields.¶ It is clear to us, Mr. Chairman that lessons learned and best practices have to be shared in order to avoid conflicts between good neighbors and foster conditions and relationships toward international energy security and cooperation in the Western Hemisphere.¶ We thank you Mr. Chairman, for allowing us to share with you our views on energy challenges and opportunities for Latin America and the Caribbean. Our goal is, as you clearly stated, “to further enhance partnerships on energy development with our regional neighbors to bring prosperity and stability to all the countries in our hemisphere.”

### Solvency – Oil Trade

#### The US and Mexico have signed a transboundary agreement on methods to split oil reserves which will in turn spawn interest in external trade and promote economic growth in Mexico.

Wood, 2013 (Duncan, PhD in Political Studies from Queen’s University, Canada, “US-Mexico Cross Border Energy Cooperation:

a new era in the Gulf of Mexico”, <http://www.wilsoncenter.org/sites/default/files/March_2012_Transboundary_Oil_Agreement_0.pdf>, LL)

On the 20th of February, the governments of **Mexico and the United States**¶ signed a Transboundary Hydrocarbons Agreement that resolves the question of ¶ what to do with potential oil reserves along the dividing line between the two ¶ countries in the Gulf of Mexico. Two areas in particular have been disputed for a ¶ number of years: the Western and Eastern polygons, or "donut holes" as they are ¶ more colloquially known, comprise over 500 miles of the maritime border ¶ between the two countries and are thought to hold billions of barrels of crude oil ¶ (though nobody is sure quite how much, as comprehensive seismic scans have ¶ not been undertaken). The signing of the treaty is extremely good news as **it** ¶ marks the end of a decades-long process to try to determine oil rights in these ¶ two areas, opening the door to exploration and production that offers the ¶ prospect of exciting new modes of cooperation between Pemex and private oil ¶ companies**.** ¶ Map of the Western and Eastern Polygons ¶ the question of what to do with the Gulf of Mexico's donut holes goes back to the ¶ 1970s. Following on from negotiations in the United Nations over the ¶ International Law of the Sea, the two countries came together to determine ¶ ownership of resources found in these two areas that were beyond their two hundred miles exclusion zones but entirely surrounded by them (thereby not ¶ qualifying as international waters). Early discussions over the areas broke down, ¶ but in the late 1990s the two countries agreed to **a** ten year moratorium on ¶ exploration and drilling in order to be able to negotiate a mutually agreeable ¶ settlement. 3¶ in 2008, Mexico's energy reform legislation committed the Calderon ¶ administration to seek a solution to the issue and, when the ten-year deal expired ¶ in 2009, **the** two governments agreed to begin negotiations towards a binding ¶ deal. In the first year of the talks, the parties engaged in a process of information ¶ exchange, discussing standards, emergency management procedures and ¶ existing seismic data. This data exchange, it is vital to recognize, was not aimed ¶ at establishing what resources might exist in the region, but rather what ¶ geological structures might exist, thereby giving clues to potential oil fields. In ¶ 2010, following a commitment made by Presidents Obama and Calderon to ¶ negotiate a transboundary agreement, Mexico and the U.S. determined who ¶ would be the leading actors involved in the negotiations, and then both sides ¶ agreed on an extension of the 1999 moratorium for four more years. In 2011, ¶ preparatory meetings were held, with official negotiations beginning in August. ¶ These negotiations were concluded in December and the Treaty were signed on ¶ February 20th, 2012. ¶ the new agreement has already drawn attention and controversy, even before its ¶ contents were revealed to the public. After the announcement of the signing of ¶ the deal, critics from the left in Mexico declared that the Calderon administration ¶ had sold out to the United States, bowing to pressure from Washington and from ¶ U.S. oil interests to sign a deal that gave disproportionate benefits to the ¶ Americans. Voices from the government rejected these accusations, but it was ¶ only last week, when the Treaty was presented to the Mexican Senate for ¶ ratification, that the true nature of the deal became known to the public. ¶ Ratification is expected to be relatively easy as the Mexican Senate was ¶ consulted frequently during the negotiation process. ¶ **The** Treaty does not pre-determine the division of oil wealth in the border ¶ regions. Rather it establishes a framework for dividing production based upon a ¶ mutually-agreed evaluation of the size of the resource, the unitization of the field, ¶ and the designation of an operator. Furthermore, in the fashion of Stephen ¶ Krasner's classic definition of an international regime, the agreement outlines ¶ "norms, rules and decision-making procedures around which actor expectations ¶ converge". The two sides have agreed upon the procedure for identifying a ¶ resource, for notifying all concerned parties, for determining the distribution of the ¶ resource and for dispute settlement. ¶ The Treaty establishes that information must be exchanged on oil-related ¶ activities within 90 days of the entrance into law of the treaty; both governments ¶ must report on activities occurring on their side of the dividing line in the Gulf. ¶ However, if activity occurs within a 3 mile area, notification must be automatic. As ¶ soon as an oil field is identified, production of the resource is prohibited until the ¶ two countries have come to an agreement to unify the oil reserve. At this point ¶ the two sides will exchange information about the field, and determine whether it ¶ is a cross-border resource or not. If the two sides cannot agree, an independent 4¶ arbitrator will be called in to decide on the issue. The process of unitization of the ¶ field will then begin in order to determine the division of oil from the field. ¶ **The** next stage in the procedure involves determining a development plan for the ¶ field and choosing an operator. In Mexico, this stage has been seen as highly ¶ controversial given that a foreign and private oil company may begin to exploit ¶ "Mexican" oil, even though it is drilling on the U.S. side of the donut hole, due to ¶ the flow of oil within the field. While it is true that private companies have been ¶ extracting oil in Mexico through contracts for the past year, **the** new **arrangement** ¶ is sensitive because of the long-term perception in Mexico that the U.S. could ¶ siphon off Mexican oil in border areas. The oil produced, however, will be divided ¶ up according to the established percentages, and those barrels will be given to ¶ their respective "owners". This means that oil that has technically come from the ¶ Mexican side of the border will be returned to Pemex, who will then process and ¶ commercialize it. Even more controversially, the Treaty allows for the tantalizing ¶ prospect of operators other than Pemex to drill for oil on the Mexican side of the ¶ Gulf. If and when this happens, it would mark an extraordinary step forward in ¶ breaking the taboos over foreign companies and Mexican oil. A key point that ¶ has been emphasized by the Mexican government, however, is that the goal is to ¶ maximize the recovery rate from each resource, so as to maximize the economic ¶ returns from oil production. It is for this reason that a company other than Pemex ¶ may be chosen, depending on the nature of the field and the capacities of the ¶ company concerned. And of course, once again the oil would be the property of ¶ the Mexican state. ¶ If the U.S. and Mexican governments cannot agree on a development plan or ¶ operator, the default position determined by the Treaty is for each side to ¶ produce independently, up to the maximum percentage of the resource allocated ¶ by the unitization agreement. This would likely be a suboptimal outcome, as two ¶ operators would be less able to maximize the recovery rate. ¶ In the design of the Treaty, the two sides studied existing cross-border oil ¶ agreements around the world, and the negotiators claim to have incorporated the ¶ lessons from those deals into this one. What ¶ is certain is that the Treaty sets a new framework for cooperation between the ¶ two countries that will produce new ways of thinking about oil production in ¶ Mexico, an issue that will surely be of importance in the looming debate over ¶ energy reform.¶

### Solvency – Collaboration

#### United States and Mexico joint collaboration is important

Sanchez 2013 (International Trade Administration, <http://www.lexisnexis.com/hottopics/lnacademic/?verb=sf&sfi=AC00NBGenSrch>, 2013, )

Under Secretary of Commerce for International Trade Francisco Sanchez today stressed the importance of United States and Mexico joint collaboration to achieve their renewable energy goals. Sanchez participated in a U.S.-Mexico Renewable Energy and Energy Efficiency Policy Roundtable¶ The business leaders joining me in Mexico understand the urgency of creating new markets for U.S. clean energy exports, Sanchez said. Mexico offers tremendous potential for U.S. renewable energy and energy efficiency companies and the U.S. Government is committed to helping our exporters meet this opportunity.¶ Twenty-six senior-level U.S. business executives representing 19 U.S. companies joined the Under Secretary on his trip. During Sanchezs visit he met

with the Mexican Secretariat of Energy to discuss Mexicos renewable energy targets and opportunities for U.S. companies, attend the opening of the Green Expo and provide remarks to an APEC Business Ethics Workshop on biopharmaceuticals.¶ As a U.S.-based manufacturer of high-quality, high-efficiency PV technology that is exported world-wide, Suniva strongly supports the Commerce Departments RE4I initiative, said Matt Card, Vice-President of Sales for the Americas for Suniva. We are pleased to see this initiative begin to manifest itself through deeper cooperation with such a valuable trading partner. Roundtables such as this are a vital component in the growth of the strong economic and job-creation engine that renewable energy potentially represents to both our countries.¶ The United States and Mexico are bound by a close economic and political relationship. Mexico is the third largest trading partner of the United States; U.S. exports to Mexico were $163.3 billion in 2010, and combined two-way trade in goods and services reached over $337 billion that same year.¶ The U.S.-Mexico Renewable Energy and Energy Efficiency Policy Roundtable is a result of a commitment by the Commerce Department in the Renewable Energy and Energy Efficiency Export Initiative (RE4I) to help develop future markets for U.S. clean energy exporters.

#### United States Mexico Transboundary agreement allows for more efficient trade and collaboration across the border

Finn 2013(United States and Mexico Transboundary Hydrocarbons Agreement, <http://www.state.gov/r/pa/prs/ps/2013/05/208650.htm>, The United States Department of State, John Finn, 2013)

In 2012, the United States and Mexico signed an agreement concerning the development of oil and gas reservoirs that cross the international maritime boundary between the two countries in the Gulf of Mexico. The Agreement is designed to enhance energy security in North America and support our shared interest to exercise responsible stewardship of the Gulf of Mexico. It is built on a commitment to the safe, efficient, and equitable development of transboundary reservoirs with the highest degree of safety and environmental standards.¶ Mexico is consistently one of the top three exporters of petroleum to the United States.¶ ¶ The United States is Mexico’s largest supplier of refined oil products, mostly coming from U.S. Gulf Coast refineries.¶ ¶ Former Secretary Clinton and then Mexican Foreign Secretary Espinosa signed the Agreement in Los Cabos in February, 2012. Mexico ratified the agreement in April 2012.¶ ¶ The Agreement establishes a framework that promotes unitization of maritime transboundary reservoirs. Upon entry into force, the current moratorium on oil exploration and production along the boundary in the Western Gap portion of the Gulf of Mexico will end.¶ ¶ Mexican law currently prohibits Petroleos Mexicanos (PEMEX) from jointly developing resources with leaseholders on the U.S. side of the boundary. Mexico opened the door to such cooperation in a 2008 energy reform law, but only if the cooperation takes place pursuant to an international agreement governing transboundary reservoirs. The Agreement takes advantage of this opportunity.¶ ¶ The Agreement facilitates the formation of voluntary arrangements – unitization agreements – between U.S. leaseholders and Pemex for the joint exploration and development of transboundary reservoirs. It also provides appropriate incentives to encourage the formation of such arrangements if a reservoir is proven to be transboundary and a unitization agreement is not formed. Ultimately, the Agreement provides that development may proceed in an equitable manner that protects each nation’s interests.¶ ¶ The Agreement provides for ongoing cooperation between the two governments related to safety and the environment, and also provides for joint inspection teams to ensure compliance with applicable laws and regulations. Both governments will review and approve all unitization agreements governing the exploration and development of transboundary reservoirs under the Agreement, providing for approval of all safety and environmental measures.¶ ¶ Both the U.S. House of Representatives and the Senate have introduced bills that would approve the Transboundary Agreement and give the Secretary of the Interior the necessary authorization to implement the agreement. The Administration looks forward to speedy passage of the authorizing legislation.¶ Effect of the Agreement¶ The Agreement will enable U.S. companies to explore new business opportunities and carry out collaborative projects with the Mexican national oil company PEMEX.¶ ¶ It is expected the Agreement will unlock areas for exploration and exploitation along the boundary within U.S. jurisdiction by providing the legal certainty companies need to invest, potentially providing increased revenues and energy security benefits that would result from increases in production.¶ ¶ This agreement will make nearly 1.5 million acres of the Outer Continental Shelf more attractive to U.S. operators. The Department of the Interior’s Bureau of Ocean Energy Management (BOEM) estimates that this area contains as much as 172 million barrels of oil and 304 billion cubic feet of natural gas.¶ ¶ The Transboundary Agreement will also help mitigate the safety and environmental risks that would result from unilateral exploration and exploitation along the boundary.

#### Oil Production in Mexico is on a decline due to lack of resources and technology

M. Angeles Villareal 2012 (United States – Mexico Economic Relations: Trends, Issues, and Implications, http://www.fas.org/sgp/crs/row/RL32934.pdf, August 9 2012, Specialist in International Trade and Finance)

Mexico’s long-term economic recovery and stability partially depend upon what happens in the ¶ oil industry. In 2010, Mexico was the seventh-largest producer of oil in the world and the third ¶ largest in the Western Hemisphere.39 The Mexican government depends heavily on oil revenues, ¶ which provide 30% to 40% of the government’s fiscal revenues, but oil production in Mexico is ¶ declining rapidly. Many industry experts state that Mexican oil production has peaked and that ¶ the country’s production will continue to decline in the coming years.40¶ The Mexican government has used oil revenues from its state oil company, Pétroleos Mexicanos ¶ (Pemex), for government operating expenses, which has come at the expense of needed ¶ reinvestment in the company itself. Because the government relies so heavily on oil income, any ¶ decline in production has major fiscal implications. In 2008, the government enacted new ¶ legislation that sought to reform the country’s oil sector, which was nationalized in 1938,41 and to ¶ help increase production capability. The reforms permit Pemex to create incentive-based service ¶ contracts with private companies. Some analysts contend, however, that the reforms did not go far ¶ enough and that they do little to help the company address its major challenges.42¶ Mexico’s President-elect Enrique Peña Nieto of the centrist Institutional Revolutionary Party ¶ (PRI) has vowed to convince his party, which nationalized the industry and has blocked previous ¶ attempts at reforming the energy sector, and the PRI-aligned oil workers’ union, to allow further ¶ energy reforms to move forward. The narrow margin of Peña Nieto’s victory and his coalition’s ¶ apparent failure to capture a majority in either chamber of the Mexican Congress, however, may ¶ make it difficult to reform the energy sector. Another issue that may block energy reforms from ¶ moving forward is the nationalist left’s strong showing in the July 1, 2012, elections. The leftist ¶ coalition led by the Party of the Democratic Revolution (PRD) has the second-largest bloc in the ¶ lower house of the Mexican Congress and remains staunchly opposed to increasing private ¶ involvement in Pemex.¶ Most experts contend that Pemex has only the capacity to produce in shallow waters andneeds to ¶ bring in new technologies and know-how through private investment to allow the company to ¶ successfully explore and produce in the deep waters in the Gulf of Mexico. The lack of further ¶ reforms is reportedly keeping Mexico from allowing much-needed foreign investment for oil ¶ exploration. Though the performance-based contracts are expected to increase production and ¶ reserves, Pemex faces serious challenges in finding new, productive wells and also lacks ¶ resources for investment in increasing engineering capacity and exploration.¶

## 2AC – Add-Ons

### Soft Power Add-On

#### Plan is key to restore soft power

Pastor ‘8 – Prof and founding director of the Center for North American Studies

Robert, The Future of North America, July/August, <http://www.american.edu/sis/cnas/upload/ForeignAffairs_Pastor_On_NA_072008.pdf>, CMR

This is a very ambitious agenda, but on the eve of nafta’s 15th¶ anniversary, Americans are looking for a fresh approach, and no set of¶ foreign policies would contribute more to U.S. prosperity and security¶ than those devoted to building a North American Community. If the¶ United States wants to compete, it cannot march backward, nor can¶ it stand in place without falling behind. The new president—working¶ with counterparts in Canada and Mexico—has the opportunity to¶ redeﬁne the face of North America for the twenty-ﬁrst century. If¶ the principal foreign policy challenge for the next administration is to¶ restore trust in the United States, then the ﬁrst step is to demonstrate¶ to the world that it can work with and respect its neighbors.∂

### Development Add-On

#### The plan provides a model for global development

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

At the end of the Second World War, the United States turned on its head the ¶ approach that the victors of great wars had taken. After every war, the victors pillaged ¶ the defeated or, in modern parlance, “imposed reparations” and shared the spoils with ¶ their allies. Perhaps the worst example occurred at the end of the First World War and ¶ Nazism and Fascism were the bitter fruits of that approach. Presidents Franklin ¶ Roosevelt and Harry Truman and Secretary of State George Marshall fashioned the ¶ opposite policy: instead of plundering the vanquished, they offered a “Marshall Plan,” ¶ the largest foreign aid program in human history to both allies and enemies and on the ¶ condition that they present a common plan that would lead to prosperity and peace for all. ¶ It is that kind of vision—aimed at lifting its weakest neighbor—that North America needs ¶ from its leaders, today. In the absence of a cooperative vision of North America’s future, ¶ the request for resources or reforms by one party or another will look like foreign aid or ¶ special pleading and is unlikely to attract support. With a shared goal for a community of ¶ three sovereign nations, it would be easier to ask members to contribute. ¶ The first draft was enunciated in Guanajuato, Mexico in February 2001 at the ¶ conclusion of the first summit meeting between Presidents Fox and Bush when they ¶ pledged: “After consultation with our Canadian partners, we will strive to consolidate a ¶ North American economic community whose benefits reach the lesser-developed areas of ¶ the region and extend to the most vulnerable social groups in our countries” (Joint ¶ Communiqué, 2001). ¶ While the promise of that statement was not realized, the fact that a Republican ¶ President accepted this goal is not inconsequential and this could be the platform for a ¶ genuine North American Community. If North America cannot achieve that goal of ¶ narrowing the income gap, then the hopes that many poor and middle-income countries ¶ have had in finding a path to modernization through free-trade would be dashed. If North ¶ America succeeds, then it will provide an example and an inspiration for the entire world.

#### That impact is global wars, prolif, and nuclear terrorism

Lown 96 – Bernard Lown, M.D., Co-Founder of International Physicians for the Prevention of Nuclear War, 1996, http://www.ippnw.org/, Crude Nuclear Weapons Proliferation and the Terrorist Threat

Nuclear apartheid cannot endure. The stimulus to proliferation derives largely from an inequitable world order and the growing economic divide between rich and poor countries. One fifth of the world lives on the edge of subsistence. At a time of potential abundance, more people are hungry than ever before. We end the century with far more desperately poor, illiterate, homeless, starving, and sick than we began. Nowhere are the inequities more in evidence than in the health sector. Eight hundred million people are without any health care at all. One-third of the world's population lives in countries whose health care expenditures are far less than $12 per person per year (the bare minimum recommended by the World Bank) while the industrialized North spends more than $1,000 for health per person annually. Recent UN figures indicate that from 1960 to 1990, per capita income rose eight-fold in the North while increasing only half as much in the deprived lands of the South. **This divide is likely to widen further while accelerating over-consumption in the North and burgeoning population pressures in the developing countries**. As vital raw materials, scarce minerals, fossil fuels, and especially water become depleted, Northern affluence will be sustained by imposed belt tightening of impoverished multitudes struggling for mere subsistence. This is an agenda for endless conflict and colossal violence. The global pressure cooker will further superheat by the ongoing worldwide information revolution that exposes everyone to the promissory note of unlimited consumption, there by instilling impatience and igniting more embers of social upheaval. If desperation grows, **the deprived will be tempted to challenge the affluent in the only conceivable way that can make an impact, namely by going nuclear. Their possession enables the weak to inflict unacceptable damage on the strong**. Desperation and hopelessness breed religious fundamentalism and provide endless recruits ready to wreak vengeance, if necessary by self immolation in the process of inflicting unspeakable violence on others. **A nuclear bomb affords "the cheapest and biggest bang for the buck."** No blackmail is as compelling as holding an entire city hostage. No other destructive device can cause greater societal disruption or exact a larger human toll**. Terrorists will soon raise their sights to vaporizing a metropolitan area** rather than merely pulverizing a building.

## 2AC – Blocks

### AT: TPP DA

#### No deal – lack of TPA and too many disagreements

Koba 6/26/13 (Mark, Senior Editor @ CNBC, “The Huge Trade Deal You've Probably Never Heard Of”, <http://www.cnbc.com/id/100841981>, CMR)

Can It Become Law?¶ The next round of talks for TPP begins next month in Malaysia. President Obama has called for the negotiations to wrap up by the fall so he can sign the deal.¶ Any deal would have to be OK'd by Congress, since the president currently does not have "fast-track" approval to sign a deal without Congressional passage.¶ Whether a deal makes it or not anytime soon is still up in the air, say experts.¶ "It's very hard to say if something gets done," said Villanova professor Toyoda. "There's a lot of skepticism around Japan and whether they will really open their markets to other countries."¶ "It has great potential, but it's far from certain if something will be realized," said trade attorney Lincicome.¶ "I don't think any optimism is warranted. No one's agreed on when to open up their markets and there's still a lot of disagreement over issues like agriculture and textiles within the countries themselves," he said.

#### Non-Unique: Japan’s entry into the agreement will push agreements past the deadline.

Karl, 2013 (David, March 22, 2013, “The Asia Pivot Has Credibility Problems”, <http://foreignpolicyblogs.com/2013/03/22/the-asia-pivot-has-credibility-problems/>, 7/5/2013, PB)

But Tokyo’s decision also throws a huge monkey wrench into things. Japanese participation needs to be approved by each of the 11 current TPP countries, a process that will take a number of months and jeopardize this fall’s negotiating deadline. Plus it remains to be seen whether Shinzo Abe’s government will be able to overcome Japan’s deeply entrenched trade protectionism and make the concessions necessary for the pact’s successful conclusion. And Washington’s efforts to bring South Korea into the TPP process promise additional complications.

#### Turn: Plan is a vital pre-requisite for moving TPP negotiations forward

Kotschwar 13 (Barbara, “Obama’s Trip to Mexico: Building on NAFTA to Broaden Trade with Asia”, 5/1, <http://www.piie.com/blogs/realtime/?p=3560>, CMR)

The timing of President Obama’s trip is fortuitous for the signal it will send to pushing reform forward. While the Mexico-US economic relationship continues to be strong, Mexico’s reform agenda can add momentum to the Trans-Pacific Partnership (TPP) negotiations, which have also been joined by Canada. A first priority should be to deepen the North American economic relationship just as the North American Free Trade Agreement (NAFTA) celebrates its 20th birthday next year. NAFTA has spurred economic growth on all sides, but it is also a product of its times—an artifact of the economic reality of the 1990s. The new reality of the second decade of the 21st century is the negotiations over the TPP, underscoring the importance of the Asia Pacific region to North America. Mexico’s participation in the Pacific Alliance, a trade grouping of Pacific-oriented Latin American economies moving to knit together common trade provisions and extend their ties with Asia, as well as its initiative to harmonize its trade deals with Central American countries, complement the growing role of Asia in spurring economic progress in the Western Hemisphere. Presidents Obama and Peña Nieto can help advance both of their economic agendas by taking steps to further deepen NAFTA within the context of the TPP so that North American supply chains can use this agreement as a solid ramp to global supply chains. NAFTA has already eliminated most barriers to trade and investment. Now it can spur the region to greater competitiveness in world markets.

#### Plan captures all of the benefits of TPP best – comparative evidence

Pastor 12 – prof and director of the Center for North American Studies @ American

Robert A, Beyond the Continental Divide, July/August, <http://www.the-american-interest.com/article.cfm?piece=1269>, CMR

Whatever its actual purpose, a TPP is likely to ¶ take a long time to negotiate and yield comparatively little in terms of additional trade. Moreover, like all trade agreements, the Administration would have to invest time and considerable ¶ political capital to get it approved by Congress. ¶ That would be a waste of political capital compared to the North American alternative. Just do ¶ the math: U.S. trade with Canada and Mexico in ¶ 2010 exceeded $1 trillion, 30 percent more than ¶ trade with China and Japan. More importantly, ¶ the best markets to expand U.S. exports are not ¶ in Asia but with our immediate neighbors. For ¶ every additional dollar that Canada and Mexico ¶ buy from abroad, more than eighty cents are U.S. ¶ exports, and for every additional dollar we import ¶ from our neighbors, a large proportion—about ¶ forty cents—is actually composed of our exports ¶ to them. In other words, the balance of trade is ¶ less important with our neighbors than the overall volume, since our production and marketing ¶ arrangements are already so intertwined. The opposite is true of our trade with Asia. ¶ The best strategy to compete against ¶ China, double our exports and invigorate¶ our economy is to deepen economic integration with our neighbors and to do it together ¶ rather than apart. Unfortunately, the latter ¶ approach has prevailed since NAFTA. The ¶ three leaders mostly meet one-on-one in separate bilateral forums. The three North American leaders met as a group in Guadalajara in ¶ August 2009 and pledged to meet annually, ¶ but they missed the next two years. On April ¶ 2, 2012, Obama hosted Harper and Calderon ¶ in Washington. Their “Joint Statement” emphasized “deep economic, historical, cultural, ¶ environmental, and societal ties”, but their ¶ initiatives remained packaged in two separate ¶ bilateral compartments.

### AT: TPP DA – China Defense

#### Asia pivot will not stop China’s rise, it will only cause US-China tension

Stokols, 2013 (Andrew, April 2013, “What China Thinks About Obama's "Asian Pivot"”, <http://www.policymic.com/articles/31767/what-china-thinks-about-obama-s-asian-pivot>, 7/5/2013, PB

America is in a pickle in East Asia: It can’t abandon it’s military investment in a region that is home to the most dynamic countries in the world today. But it also shouldn’t continue to view China as a temporary rising power that can be dealt with using traditional “containment” strategies. China’s growing role in Asia is only going to increase, whether the pivot continues or not. China doesn’t need to issue its “Monroe Doctrine” for the countries of the world to realize it will be the dominant power in Asia.¶ The pivot has succeeded in re-focusing American attention on East Asia and assuring allies that the U.S. is committed to the region. But it has failed by ratcheting up suspicions and rhetoric in the region, and has only added to China’s suspicion that America will not tolerate its rise. The Obama administration needs to make it a priority in the second term to have a more unified and coherent China strategy, coordinated by a high-level official with knowledge of Asia who commands respect in China, as Henry Kissinger once did in earlier times. The pivot is not a substitute for having a better relationship with China directly.

#### Asia pivot forces China to stand up the US

Glaser, 2013 (John, June 24, 2013, “The Asia Pivot: Making an enemy of China”, <http://communities.washingtontimes.com/neighborhood/john-glaser-intelligence-foreign-policy-world/2013/jun/24/asia-pivot-making-enemy-china/>, Washington Times, 7/5/2013, PB)

The U.S. could cut its defense budget in half tomorrow and still outspend China on its military. But that hasn’t calmed the Obama administration into easing his approach.¶ This comes with serious risks. Already by 2011, the Center for Strategic International Studies identified in a report the unintended consequences that could come with Obama’s stern posture in Asia.¶ The report predicted “a shift in Chinese foreign policy based on the new leadership’s judgment that it must respond to a U.S. strategy that seeks to prevent China’s reemergence as a great power.”¶ “The U.S. Asia pivot has triggered an outpouring of anti-American sentiment in China that will increase pressure on China’s incoming leadership to stand up to the United States,” the report added. “Nationalistic voices are calling for military countermeasures to the bolstering of America’s military posture in the region and the new U.S. defense strategic guidelines.”

### AT: TPP – Corporatism Impact Turn

#### The TPP is a tool used by corporations that will be used to give themselves more power

Wallach and Beachy 2013 (Lori and Ben, director of Public Citizen’s Global Trade Watch and research director of Public Citizen’s Global Trade Watch, June 2, 2013, “Obama’s Covert Trade Deal”, <http://www.nytimes.com/2013/06/03/opinion/obamas-covert-trade-deal.html?_r=0>, 7/5/2013, PB)

¶ The agreement, under negotiation since 2008, would set new rules for everything from food safety and financial markets to medicine prices and Internet freedom. It would include at least 12 of the countries bordering the Pacific and be open for more to join. President Obama has said he wants to sign it by October.¶ ¶ Although Congress has exclusive constitutional authority to set the terms of trade, so far the executive branch has managed to resist repeated requests by members of Congress to see the text of the draft agreement and has denied requests from members to attend negotiations as observers — reversing past practice.¶ ¶ While the agreement could rewrite broad sections of nontrade policies affecting Americans’ daily lives, the administration also has rejected demands by outside groups that the nearly complete text be publicly released. Even the George W. Bush administration, hardly a paragon of transparency, published online the draft text of the last similarly sweeping agreement, called the Free Trade Area of the Americas, in 2001.¶ ¶ There is one exception to this wall of secrecy: a group of some 600 trade “advisers,” dominated by representatives of big businesses, who enjoy privileged access to draft texts and negotiators.¶ ¶ This covert approach is a major problem because the agreement is more than just a trade deal. Only 5 of its 29 chapters cover traditional trade matters, like tariffs or quotas. The others impose parameters on nontrade policies. Existing and future American laws must be altered to conform with these terms, or trade sanctions can be imposed against American exports.¶ ¶ Remember the debate in January 2012 over the Stop Online Piracy Act, which would have imposed harsh penalties for even the most minor and inadvertent infraction of a company’s copyright? The ensuing uproar derailed the proposal. But now, the very corporations behind SOPA are at it again, hoping to reincarnate its terms within the Trans-Pacific Partnership’s sweeping proposed copyright provisions.¶ ¶ From another leak, we know the pact would also take aim at policies to control the cost of medicine. Pharmaceutical companies, which are among those enjoying access to negotiators as “advisers,” have long lobbied against government efforts to keep the cost of medicines down. Under the agreement, these companies could challenge such measures by claiming that they undermined their new rights granted by the deal.¶ ¶ And yet another leak revealed that the deal would include even more expansive incentives to relocate domestic manufacturing offshore than were included in Nafta — a deal that drained millions of manufacturing jobs from the American economy.¶ ¶ The agreement would also be a boon for Wall Street and its campaign to water down regulations put in place after the 2008 financial crisis. Among other things, it would practically forbid bans on risky financial products, including the toxic derivatives that helped cause the crisis in the first place.

### AT: Spending DA

#### No new spending – plan is funded via a common tariff

Pastor 13 – prof and founding director of the Center for North American Studies at American University

Robert A, Shortcut to U.S. Economic Competitiveness: A Seamless North American Market, March, <http://www.cfr.org/competitiveness/shortcut-us-economic-competitiveness-seamless-north-american-market/p30132>, CMR

Forge a continental plan for transportation and infrastructure. Led by each country's minister of transportation, the countries should build new trade corridors, improve railroads and ports, and construct a new highway that stretches from Canada to southern Mexico. Funding for the infrastructure could come from the common tariff, which should yield about $45 billion annually. These funds would be managed by a North American Investment Fund, which could be administered by the World Bank with decision-making in the hands of the three governments.

### AT: Politics DA

#### Turn: Plan key to secure immigration reform

Pastor 10 – prof of IR and co-director of the Center for North American Studies and the Center for Democracy and Election Management at American University in Washington, DC (Robert, “Solving Income Gap is Missing Link to Immigration Reform”, May 6, <http://blog.nafsa.org/2010/05/06/solving-income-gap-is-missing-link-to-immigration-reform/>, CMR)

But there is simply no way to halt the illegal flow of immigrants from Mexico to the United States **until Washington** joins with Ottawa and Mexico City to **construct a North American Investment Fund** to build infrastructure in the south of Mexico and connect it to its northern neighbors. **This is** not only the missing link **of comprehensive immigration reform; it is also the missing link of** the North American Free Trade Agreement (**NAFTA**). **Only with a comprehensive development strategy in North America will we ever see Mexico join the first world and North America become a formidable competitor to China and Europe.**

### AT: Politics DA – Impact Turn

#### Turn - CIR hurts trade with Mexico

Voxxi, 2013 (May 12, 2013 “A border fence will hurt the economic relationship of Mexico and the U.S.”, <http://www.voxxi.com/border-fence-economic-relation-mexico-us/>, 7/4/2013, PB

Mexico is the United States’ third largest trading partner, after Canada and China, in terms of total trade in goods, while the U.S. is Mexico’s largest trading partner. As such, the economic ties of the U.S. and Mexico are significantly important to the economy and society in both countries.

Further, the U.S.-Mexico border is not a static line drawn on a map, but a dynamic and ever-evolving place along which substantial daily interaction takes place. Yet the resounding refrain we repeatedly hear from some members of Congress is that building a 1,969-mile fence to separate us from one of our largest economic partners, and the eleventh largest economy in the world, is a key component to solving the issues presented by an outdated immigration system and a requirement that must be completed before moving forward with proposed immigration reforms. To be clear, there is a need for secure borders, but there is also a need for further streamlining and efficiently facilitating the daily cross-border flows of people, goods and services important to the bi-national economic relationship of the United States and Mexico—an economic relationship the following facts highlight.

### AT: International CP’s

#### Only US lead solves economic benefits

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

The formula both for narrowing the development gap and creating a genuine ¶ partnership in North America is defined as “a community of interests,” in which all three ¶ contribute in their respective ways. How will the United States and Canada benefit from ¶ such a program? In the short term, Canadian and U.S. companies will have new ¶ opportunities to build the infrastructure in Mexico. For every dollar of growth in the ¶ Mexican economy, trade with the U.S. and Canada will increase by about 40 cents. If ¶ Mexico’s growth rate increases from 3 percent to 6 percent, that means $20 billion more¶ for the economy and $8 billion more in trade with its two neighbors in the one year. ¶ Compounded annually for a decade, that will not only contribute to Mexico’s ¶ development but to North America’s.

#### US leadership key to proper management of funds

Pastor 8 – Director @ Center for North American Studies

Robert A, “The Solution to North America’s Triple Problem: The Case for a North American Investment Fund”, Year 2, No. 2, January, <http://www.american.edu/sis/cnas/upload/triple_problem_pastor.pdf>, CMR

As the EU found, once there is a fund, many groups will want to spend the ¶ resources in many areas. This would work if there were an inexhaustible supply of funds ¶ but that is never the case. Therefore, the lesson is to concentrate the money where it is ¶ most needed and will have the greatest effect on the community as a whole. That means ¶ investing in infrastructure (connecting the poorer countries to the richer ones) and ¶ education in the poorer regions. This will require great leadership as the American¶ political system combines the political need to embrace all perspectives with a chronic ¶ attention-deficit disorder. North America needs to resist legitimate demands to divide up ¶ the funds into small projects and focus on the most important continental projects.

### AT: China CP – No Solvency

#### Mexican engagement is bad for China

Ellis 5 (June 2005, R. Evan Ellis, professor of national security studies, modeling, gaming, and simulation with the Center for Hemispheric Defense Studies at the National Defense University, with a research focus on Latin America’s relationships with external actors, including China, Russia, and Iran. Author of “China in Latin America: The Whats and Wherefores” and more than 20 articles in this research area. Strategic Studies Institute. “U.S. National Security Implications of Chinese Involvement in Latin America” <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=606>)

Chinese trade with Mexico is signiﬁcant and has been expanding at the same rapid rate as with other parts of Latin America. Between 1998 and 2003, Mexican exports to China increased by 337 percent, while corresponding imports from China increased by 476 percent.109 In 2004, bilateral trade between China and Mexico was more than $7 billion, representing a 44 percent increase over 2003.110 By contrast to other Latin American countries, however, Mexico has a trade deﬁcit with China that is signiﬁcant and growing. Mexican imports from China in 2003 were $9,298 million, compared to exports of $463 million.111 Indeed, if the Mexican trade deﬁcit with China was only half of this level, Latin America as a whole would register a positive balance of trade with the Asian giant. A study by BBVA suggests that, by contrast to other nations in Latin America, the structure of Mexican exports resemble that of China.112 Thus while the economies of many other nations in Latin America may be regarded as complimenting those of China, Mexico more of a direct competitor―particularly in labor-intensive, lowvalue added manufacturing sectors. Perhaps reﬂecting the less complimentary nature of the economic relationship between the two countries, Chinese investment in Mexico has been relatively modest relative to other Latin American countries―$200 million in 2004, for example. Despite the current nature of the relationship in the short term, Mexico offers a number of attractions for China, including signiﬁcant quantities of oil and other strategic materials, and a number of commercially developed Paciﬁc ports. On the other hand, Mexico currently uses almost all of the oil that it produces, leaving little available for export. Moreover, Mexico’s proximity to the United States may make China wary of too aggressively pursuing investment there in the near term. Nonetheless, China has indicated interest in pursuing a relationship with Mexico in a number of important arenas, as reﬂected by inclusion of Mexico as the ﬁrst stop in a high-proﬁle ﬁve-nation Latin American and Caribbean tour made by Chinese Vice-President Zeng Quinghong in January-February 2005.113

#### Mexico views China as a competitor

CFR 8 (Congressional Committee on Foreign Relations, 110th Congress, April, “CHINA’S FOREIGN POLICY AND ‘‘SOFT POWER’’ IN SOUTH AMERICA, ASIA, AND AFRICA” <http://www.fas.org/irp/congress/2008_rpt/crs-china.pdf>)

While many press accounts focus on Latin American countries welcoming Chinese trade and investment, this view is not shared by all countries in the region. Mexico and many Central American countries view China as a competitor, in terms of supplying assembled goods to the U.S. market. They fear losing their U.S. market share to China. Fear of competition from Chinese apparel and textile exports was a major factor for Central American nations and the Dominican Republic in negotiating the DR-CAFTA agreement with the United States. There has also been fear in other Latin American countries about the impact of Chinese competition on domestic manufacturing sectors. For example, Brazilian manufacturers of footwear, toys, textiles, and consumer electronics have suffered from competition with China.46 Because of the large increase in Chinese imports, Brazil is poised to run a trade deficit with China in 2007, the first since 2000, which has raised considerable concern among Brazilian manufacturers. The specter of a flood of Chinese manufactured exports to Latin America has led some economists to question the future viability for manufacturing in Latin America.47 Other economists and observers contend, however, that increased Chinese trade and investment can act as an engine of growth for Latin American economies and could serve as an impetus for reform in the region in order to increase the ability to compete with Chinese imports.48

#### Mexico sees Chinese aid as a threat to its economic future

Hearn 9 (Dr. Adrian H., research fellow at the School of Social and Political Sciences, the University of Sydney. He has conducted research in Cuba (three years) and China (ten months), and is currently undertaking a study of Chinese engagement with Latin America. Author of multiple books on Cuba, China, and Latin America. Pacific Rim Report No. 52, January 2009 “China’s Relations with Mexico and Cuba: A Study of Contrasts” <http://usf.usfca.edu/pac_rim/new/research/pacrimreport/pacrimreport52.html>)

Over the past decade the threats posed to Mexico’s economy by China have become well known, owing primarily to intensifying competition from legal and illicit Chinese imports both domestically and into Mexico’s primary export market, the United States. Chinese demand for energy resources has simultaneously forced the Mexican government to confront the socially unpopular and strategically uncertain prospect of privatizing the oil industry. The economic impasse produced by this combination of pressures has provoked fears of an impending ‘China threat’ across Mexico’s industrial landscape. Mexican apprehensions of an emerging ‘China threat’ find historical precedence in the observations of Vladimir Lenin in the early 20th century, Raúl Prebisch in the 1950s, and Noam Chomsky since the 1980s: that Latin America’s prospects for moving inwards from the periphery of the global market lie in less dependence on resource exports and more in attention to educational and technical advancement. Mexican leaders have been aware of this at least since the 1930s. In 1938, for instance, Lázaro Cárdenas nationalized the oil industry under the PEMEX Corporation with the aim of boosting the state’s budget for social programs, technical training, and industrial upgrading. Successive governments deepened this model of development, gradually moving Mexico toward import substitution and industrialization. The collapse of global commodity markets in the late 1970s and a chronically overvalued peso, however, led to a reconsideration of trade policies and the initiation of measures to privatize the economy.

#### Unbalance tanks the CP

Hearn 9 (Dr. Adrian H., research fellow at the School of Social and Political Sciences, the University of Sydney. He has conducted research in Cuba (three years) and China (ten months), and is currently undertaking a study of Chinese engagement with Latin America. Author of multiple books on Cuba, China, and Latin America. Pacific Rim Report No. 52, January 2009 “China’s Relations with Mexico and Cuba: A Study of Contrasts” http://usf.usfca.edu/pac\_rim/new/research/pacrimreport/pacrimreport52.html)

In 2002 China surpassed Mexico’s position in the U.S. market, causing the loss of over 672,000 Mexican jobs across 12 industrial sectors. CEPAL (2004) reports that 2,500 of these jobs were lost from the maquiladora or export-processing sector alone as a result of the relocation of manufacturing operations to China. By 2003, Sony, NEC, VTech, and Kodak, together with 85 percent of shoe manufacturers in Mexico, closed their Mexican operations and moved to China (Domínguez et al. 2007:38-9). Further losses will likely result from the December 2007 expiration of Mexico’s ‘peace clause’ tariffs on imported Chinese shoes, textiles, and toys under World Trade Organization (WTO) guidelines. Mexico’s inability to compete with China in industrial manufacturing has driven it to begin emulating the resource intensive strategies of other Latin American countries, increasing oil production to roughly 15 percent of total exports in 2005 (Dussel Peters 2007:19). Industry watchers claim that Mexican oil output could rival that of Saudi Arabia, but stress the need for investment to the tune of $20 billion per year to exploit existing fields and explore new discoveries such as the deepwater Noxal field in the Gulf of Mexico (Reuters 2004, Rueda 2005). Companies from China, the United States, and elsewhere are lining up to provide this investment, intensifying the debate over whether the oil and electricity sectors should be privatized in order to boost productivity (Hogenboom 2007:11). Adding to the bilateral tension, Mexico is China’s largest Latin American export market: of the $15 billion of Sino-Mexican bilateral trade reported for 2007, $11.7 billion was made up of Chinese imports to Mexico (Oppenheimer 2008). One report calculates that for every dollar worth of goods Mexico exports to China it imports $31 worth of Chinese goods (McKinley 2005). Furthermore, illegal Chinese imports (particularly apparel) are thought to account for close to 60 percent of the Mexican retail market, driving industry workers to mount periodic street protests outside the Chinese embassy and the national Economics Secretariat in Mexico City (CANAINTEX 2006, Sourcemex 2003). According to a 2005 national poll, 52 percent of Mexicans identify China as a “source of unfair competition” (cited in Domínguez et al. 2006:12), and in the words of Irma Gómez Cavazos, Assistant Minister for Economic Relations and International Co-operation in the Mexican Ministry of Foreign Affairs, “the vision of China as a threat to the Mexican economy is getting stronger every day” (Gómez Cavazos 2005). Mexican suspicions of Chinese imports are compounded by concerns about their safety. In 2007 Chinese-manufactured toothpaste containing potentially lethal diethylene glycol, a cheap substitute for glycerine, was recalled from shelves worldwide. The same ingredient was included in Chinese-made cough medicine, which killed 100 people in Panama (French 2007). Other defective Chinese products to reach Latin America include disintegrating automobile tires, contaminated pet food, and seafood containing high levels of antibiotics to prevent infections from the industrial waste of China’s Eastern shores.

#### Chinese aid is detrimental to the long-term health of Mexico’s economy

Hearn 9 (Dr. Adrian H., research fellow at the School of Social and Political Sciences, the University of Sydney. He has conducted research in Cuba (three years) and China (ten months), and is currently undertaking a study of Chinese engagement with Latin America. Author of multiple books on Cuba, China, and Latin America. Pacific Rim Report No. 52, January 2009 “China’s Relations with Mexico and Cuba: A Study of Contrasts” http://usf.usfca.edu/pac\_rim/new/research/pacrimreport/pacrimreport52.html)

One negative, though hardly unexpected, consequence of Mexico’s continuing regulatory codes is that suppliers and retailers have found creative ways to circumvent them. According to the 2007 Inquiry into Antidumping Quotas Against Imports of Chinese Origin, undertaken by the Mexican consultant IQOM Trade Intelligence, some Mexican firms have arranged legal loopholes and exceptions to antidumping quotas for their Chinese counterparts (Garc’a 2007). A related problem is the growth of the informal economy, which, as noted above, has seen illegal imports from China claim some 60 percent of the Mexican apparel retail market, drawing attention to local corruption in the customs system as a factor contributing to the trade imbalance. Ultimately some responsibility for China’s negative economic impact on Mexico lies with both countries, but it also lies with the larger global trade regime that encompasses them. While it is true that Mexican regulation of the energy sector is preventing the inflow of FDI, it is also true that free trade will not provide a miracle solution to Mexico’s problems. Conservatives within the Mexican Ministry of Economy argue that open markets in shoes and other products will eventually benefit Mexican consumers by lowering prices, but their critics point out that multinational companies such as Wal-Mart, now Mexico’s largest private-sector employer, will reap most of the profits (Tingting 2003). Most Latin American countries (particularly those in South America) have derived short-term economic gains from natural resource exports to China. Just as they found in dealing with the United States, though, unregulated enclave developments locked up in industrial parks and resource extraction projects not only create dependency on external enterprises, but do little to strengthen local human capacities or to create opportunities for local business (Pritchard and Hearn 2005, also see Angeles 2003). Regional dissatisfaction with this predicament is reflected in a 2006 poll conducted by the Chilean organization Latinobarometro, which calculates that 63 percent of Latin Americans have come to oppose unregulated foreign management and investment in gas, oil, and other mineral extraction initiatives (Economist 2006:42). These lessons should be born in mind as Mexico reflects on the prospect of opening its oil industry to private investment, whether from China, the United States, or elsewhere.

### AT: China CP – Perm Solvency

#### US involvement necessary to put China in timeout if/when they destroy the environment

Brandt  et al 2012 (Jon, Nicole Adams Christina Dinh Devin Kleinfield-Hayes Andrew Tuck Derek Hottle Nav Aujla Kirsten Kaufman Wanlin Ren Chinese Engagement in Latin America and the Caribbean: Implications for US Foreign Policy AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE DECEMBER)

D. Chinese Foreign Direct Investment (FDI)¶ China, despite its staggering increase in trade with Latin America, has under-invested in the region. In fact, Chinese investment made up less than one percent of LAC FDI inflows in 2010, despite China’s constituting 11 percent of Latin America’s trade.25 As we have pointed out, China’s imports from Latin America are heavily weighted towards commodities and natural resources. While LAC has benefitted from this, the region runs the risk of an economic downturn if/when commodity and natural resource prices decline. An increase in Chinese FDI in the region should be welcomed by both Latin America and the US, but it is essential that this investment go toward value added, down stream production that will underpin sustained economic growth and ameliorate LAC’s dependence on commodity and raw material exports.¶ The Chinese economy has grown at double-digit percentages over the past three decades, amassing enormous currency reserves and up until recently maintaining a small Outward Foreign Direct Investment (OFDI) portfolio. The volume of Chinese OFDI is expected to blossom over the next decade or so. However, in the near term Chinese trade has far outpaced Chinese investment in LAC. In fact, while China accounted for nearly half of Asia’s trade with LAC in 2010, Japan continued to lead in Asian based investments despite only having 18 percent of the inter-regional trade.This statistic implies two overarching trends in the relationship between Latin America and Asia. Firstly, the Japanese, despite having an increasingly smaller percentage of the aggregate Asian trade with Latin America (where they had historical precedence during the 20th century), still maintain dominance in Asia-Latin America investment. Secondly, the Chinese have made impressive jumps in aggregate trade with LAC, but a lack of robust investment and preconditions for Chinese investment will hamper the development of potential new economic partnerships.¶ China is at the tip of the iceberg with respect to the amount of outward FDI it will invest in the coming decades. The Chinese central government is seeking to diversify its assets beyond US Treasury bonds. Although Chinese OFDI remains modest with proportion to the size of its gross domestic product, it contributes over $29 billion in OFDI to Latin America, a similar quantity to Chinese OFDI in Asia and in Africa.China’s OFDI is estimated to reach $1 trillion over the next decade and, while it is unknown exactly where the Chinese will invest, it is important for the US to be aware of Latin America’s potential importance in China’s long-term investment strategy.

E. Commodities Exports¶ Since 2000, LAC exports of commodities have constituted 70 percent of export growth. The China-LAC relationship is predominated by natural resource extraction. This has led to near-term ‘boon’ for Latin American countries; foreign currency reserves have increased, governments have been far more financially secure and there has been a rise in investment and development.¶ However, the long-term projection of this commodity trading is risky. Latin American countries are dependent on sustained commodity prices to uphold an economy that has yet to develop into a more modern, dynamic level. If commodity prices fall, countries could fall back into chronic debt. Furthermore, many Latin American countries have not used the influx of capital from China to invest in manufacturing, research and development and other value-added stages of production to elevate the quality of economic output. If these Latin American countries are lulled into ‘Dutch disease’, they run the risk of not advancing socio-economically and putting continued strain on the primary commodity sector to perform year in and year out. This socio-economic concern is of the US national interest as future trade, research and development is contingent on the strength of the Latin American economy. As the emerging markets drive the highest rates of growth in the world economy, Latin America plays a crucial role in the consumption of goods and services that the United States supplies. If Dutch disease impedes the development of the Latin American economy, it could have enormous long- term implications for hemispheric trade and development initiatives.

F. Energy Policies and Quest for Future Energy Security¶ Resulting from three decades of continuous economic growth, urbanization and a massive social transformation, China is one of the world’s most important players in the LAC energy sector. However, with only one percent of the world’s proven oil reserves and the second largest in terms of consumption, the country has no option but to secure sustainable supply sources elsewhere. Countries in Latin America (especially Argentina, Brazil, Colombia, Ecuador and Venezuela) are among China’s premier investment destinations. 74% of all Chinese lines of credit to LAC is in oil loans to guarantee future energy supply and energy security.28 While China’s quest for energy security is not a direct threat to US energy security, the relationship between China and Latin American oil exporters should be closely monitored.¶ One area of potential growth and trilateral cooperation is in renewable energy investment. Historically speaking, the United States has led the way in renewable energy investment, but over the past several years, China has made remarkable advances with a surge of new investment in and emphasis on renewable energy technology. Investments in renewable energy reached new heights in 2011, topping $257 billion, up from only $39.4 billion in 2004 (552 percent increase in eight years).29 China has surpassed the US in the volume of renewable energy investment, is second behind the EU, and is looking to expand its markets for renewable energy.¶ China and other Asian countries have set ambitious targets for renewable energy as part of their primary energy portfolios. Government grants, subsidies and other tax incentives have prompted a wave of Chinese manufacturing in wind turbines, solar photovoltaic panels and other renewable products. For example, Chinese solar panel production has actually outpaced demand globally and the Chinese are aggressively trying to develop Latin America’s market for solar panels. Latin America provides an attractive market for Asia in the renewable sector and there is great potential to foster increased cooperation in the energy security of both regions as they strive to become less dependent on expensive and dwindling hydrocarbons. Alternative energy provides a green platform to promote closer economic ties, ultimately helping to mitigate the all-inclusive threat of climate change. Beijing and Washington have similar concerns in their energy policies and face the same set of challenges: high dependency on foreign sources of energy, rising energy-related environmental impacts, how to achieve energy conservation and efficiency, and the effect on their economies of energy price spikes. Although China and the United States do not rely on each other for energy supplies, as the two largest oil-consuming countries they are natural energy bedfellows in coping with similar challenges. They should cooperate, through joint or parallel action, to keep global energy supplies open, secure, and at an affordable price level. Both countries would win if they choose to cooperate rather than confront each other in their pursuit of energy security and efficiency. If the US and China can promote the expansion of renewable energy in Latin America, it will help exporters and producers within the US and China by expanding trade and investment opportunities throughout the LAC region. By partnering with capital-rich China and an innovative US, Latin America has the opportunity to expand its own knowledge and manufacturing base and grow its renewable energy market into one that can provide sustainable solutions for the region whose diverse climate should take full advantage of the benefits of renewable energy. The US should take the lead in coordinating trilateral trade fairs and business forums, an initiative often pursued bilaterally or intra-regionally.

Working with China and Mexico helps us all out

Brandt  et al 2012 (Jon, Nicole Adams Christina Dinh Devin Kleinfield-Hayes Andrew Tuck Derek Hottle Nav Aujla Kirsten Kaufman Wanlin Ren Chinese Engagement in Latin America and the Caribbean: Implications for US Foreign Policy AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE DECEMBER)

VI. Conclusion¶ China’s ties with Latin America and the Caribbean are likely to deepen in the future. The US should welcome China’s involvement in the region by encouraging it to be a responsible and productive partner. While Chinese and US interests will diverge in some sectors, this is not a cause for alarm. The US has broad economic, security, cultural, and historical ties with the countries of the region and it must continue to nurture these connections in order to maintain its influence. Engaging China multilaterally in the region can benefit not only Latin America, the Caribbean, and China, but also the United States.

### AT: China CP – No SOI

#### Latin America and China relations unlikely—lack of interest

Brandt  et al 2012 (Jon, Nicole Adams Christina Dinh Devin Kleinfield-Hayes Andrew Tuck Derek Hottle Nav Aujla Kirsten Kaufman Wanlin Ren Chinese Engagement in Latin America and the Caribbean: Implications for US Foreign Policy AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE DECEMBER)

E. LAC Perceptions of the Chinese¶ Latin American perceptions of Chinese engagement in the region are mixed. Latin America is politically, economically and socially diverse. China’s expanding presence is received with varying degrees of acceptance, tolerance or mistrust. The Chinese, since their official commercial interest in the region begun in the early 1990s, have made vast strides in increasingly warmer political and economic ties in LAC. “Chinese officials are acutely conscious of Latin America’s colonial history and wish to develop modes of trans-Pacific exchange that distinguish themselves from earlier European and US extractive approaches.” There are some Latin American countries; especially those that have been either financially or politically isolated from the global community, such as Venezuela, Ecuador, Bolivia and Argentina who have embraced China’s presence in the region as it has provided these countries sorely needed capital. Furthermore, many Caribbean countries have been the beneficiaries of generous Chinese loan agreements in which the Chinese have financed massive infrastructure projects including airports, bridges, roads and hospitals.¶ However, Chinese business practices have also frustrated LAC governments and infuriated local populations over the neglect or encroachment of local LAC labor laws, lack of environmental safeguards and nebulous managerial practices. “Sinophobia has also played a part in recent legislation limiting land purchases by foreign companies and individuals.”73 The Chinese have had to make serious adjustments in level of Corporate Social Responsibility (CSR) they accompany their investments and trade with in Latin America as opposed to weaker civil societies and institutions in Africa.¶ Furthermore, Latin American businesses have had mixed perceptions when working with their Chinese counterparts. While Chinese companies have brought capital and attractive business terms in a time where US and EU investment have stagnated, LAC businesses have become frustrated over the lack of transparency among their Chinese partners. While LAC businesses have long dealt with the US in developing clear, explicit contracts, stringent CSR standards in labor practices and environmental protection, Chinese partners have been ambiguous at best with their LAC counterparts, which has produced more turbulent relations.¶ LAC governments have straddled a fine line with Chinese business as well with regard to local employment and environmental protection. Many Chinese owned projects in Latin America employ Chinese workers and historically have failed to follow international guidelines for CSR. This has resulted in local protests and increased pressure for national governments to speak out on behalf of their populace.¶ Latin America and the Caribbean are currently evaluating Chinese investment and involvement in the region. This assessment period is critical for the US to re-evaluate its own stance in the region and where it will take hemispheric relations. The United States has been one of the most important players in Latin America over the past century. It has a long-standing relationship with the region on many issues including the proliferation of democracy, human rights, mutual security assurance, environmental protection and trade opportunities. Are bilateral and multilateral opportunities in security, commerce, energy and education being optimized between the US and LAC in the wake of burgeoning Chinese involvement in the region?

## Neg

### No Solvency - General

#### Plan fails and will be rejected – internal reform is a pre-requisite to investment

Hufbauer & Scott ‘5

Reginald Jones Senior Fellow since ’92, was the Marcus

Wallenberg Professor of Int’l Finance Diplomacy @ Georgetown University, AND Jeffrey J, senior fellow, joined the Inst for Int’l Economic in ’83, visiting lecturer @ Princeton, “NAFTA Revisited: Achievements and Challenges”, page number below

To generate significant sums required for such investments, Mexico will need to attract both domestic and foreign funds. First, however, the Mexican government must pursue domestic economic reforms that generate substantial new revenues for the Mexican Treasury and create a more conducive policy environment for new investment. Only then should consideration be given to regional initiatives that pool contributions from the United States and Canada for Mexican infrastructure projects. Without prior domestic reforms, proposals to leverage foreign assistance to Mexico – including a North American Investment Fund – would likely be rejected out of hand. Indeed, it would be counterproductive to ask Washington and Ottawa to subsidize Mexican infrastructure investment unless the Mexican government is first willing to tap its own resources. [page 472-473]

#### No chance the plan solves – only trilateral cooperation with Canada can ensure successful integration

Pastor 12 – prof and director of the Center for North American Studies @ American

Robert A, Beyond the Continental Divide, July/August, <http://www.the-american-interest.com/article.cfm?piece=1269>, CMR

The problem is that our leaders do not think continentally. As long as they persist in focusing on bilateral or Asian relationships, they will be blind to the promise and the problems of North America. At base, today’s problems are the result of the three governments’ failure to govern the North American space for mutual benefit. Once they visualize “North America” and decide to approach their problems from a continental perspective, solutions will appear that were previously invisible. ¶ None of the many proposals that have been advanced for the region can be achieved without such a vision. Americans and Canadians will not contribute to a North American Investment Fund to narrow the development gap with Mexico without being convinced that Mexico’s growth will benefit their countries. There is little prospect of reaching an agreement on labor mobility, harmonizing environmental standards, forging a transportation plan, or most any proposal that would cost money or change the status quo unless there is a vision of a wider community that could attract the support of the people and their legislatures. The right vision can inspire the three nations to rethink North America and incorporate the idea into our consciousness and policies. We can be more than the sum of our three great countries, but only if we first see the possibility.

#### Plan won’t secure long-term investment – countries not convinced of benefits

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

None of the many proposals that have been advanced for the region can be achieved without such a vision. Americans and Canadians will not provide funds to a North American Investment Fund to narrow the development gap with Mexico without a convincing vision of how Mexico's growth will benefit their countries. There is little prospect of reaching an agreement on labor mobility, on harmonizing environmental standards, on forging a transportation plan, or any proposal that would cost money or change the status quo unless there is a vision of a wider Community that could attract the support of the people and their legislatures.

### AT: Energy

#### Mexico can’t be a major producer --- too many barriers, lack of interest

Duffy 12

Aimee, “Busting the Myth of Energy Independence”, Aug 28, <http://www.dailyfinance.com/2012/08/28/busting-the-myth-of-energy-independence/>, CMR

Assumption No. 2: Everything is fine in Mexico ¶ To put it simply, Mexico's oil industry is a giant disaster. How can we expect "North American Energy Independence by 2020" when Mexico's production has declined 25% since 2004? Some analysts predict that if Pemex, the country's national oil company, doesn't get its act together, it will become a net importer of oil by 2020. The very same year, the entire continent is supposed to reach its goal of energy independence.¶ Pemex has had a monopoly on the Mexican oil industry since 1938. The country's constitution forbids production-sharing agreements with foreign oil companies, which is why ExxonMobil (NYS: XOM) and the rest of Big Oil don't bother doing serious business there. The only agreements that are allowed are service contracts, which pay a set fee per barrel and forbid any company other than Pemex from owning the crude that is produced.¶ There is a growing consensus that Pemex needs to open its doors to foreign expertise to increase oil production, but change is painfully slow in coming. In an effort to test this idea of openness, this past June the government offered to allow foreign companies the right to bid for the operational control, but not ownership, of seven separate oil fields across the country.¶ But the auctions were only moderately successful, as Pemex failed to award two offshore fields to foreign operators. All the bids for one field were too expensive and thus rejected, and there were no bids for the other field. There is increasing skepticism that while the Mexican government may want to open up the industry, Pemex is quite content to continue to run its own show.¶ Regardless, until there is a significant change in Mexican energy-production policy, it seems foolish to rely on the country for an increase in imports.

#### Zero risk the plan solve North American energy independence or vulnerability to foreign sources

Duffy 12

Aimee, “Busting the Myth of Energy Independence”, Aug 28, <http://www.dailyfinance.com/2012/08/28/busting-the-myth-of-energy-independence/>, CMR

The global marketplace ¶ Even if we were to accept these three assumptions, there is still no getting around the fact that oil trades on the global market and is affected by everything from production in other countries to speculation on Wall Street to economic news to geopolitical events, and even the weather. No matter how much oil we pump out of North American soil, what happens in the Middle East and around the world will affect the price of oil in the United States.¶ And that price of oil is crucial to North American oil production. The methods we use to produce energy domestically are expensive, and despite technological advancements, production costs, at least in the Canadian oil sands, are rising.¶ Complete reliance on domestic production necessitates a sustained high oil price per barrel, and though that presents some pretty compelling opportunities for investors -- check out our free report on three outstanding examples -- it is ultimately something that is impossible to predict, much less guarantee, as Morgan Housel astutely pointed out last month.¶ Foolish takeaway ¶ Pledging energy independence by 2020 is a goal based largely on increasing oil production, which is in itself built on too many assumptions to ensure a completely successful outcome right now. Increasing oil production increases our dependency on oil, as well as the likelihood that we will continue to turn to foreign sources in the future.

#### Energy independence won’t solve US power or vulnerability

O’Sullivan 13 (Meghan, professor at Harvard University’s Kennedy School of Government and former deputy national security adviser in the George W. Bush administration, ’Energy Independence’ Alone Won’t Boost U.S. Power, Feb 14, <http://www.bloomberg.com/news/2013-02-14/-energy-independence-alone-won-t-boost-u-s-power.html>, CMR)

Still, despite all this good news, the U.S. energy boom won’t deliver the one geopolitical benefit Americans long for most: a release from the Middle East. True, by 2020 the U.S. will be importing substantially less oil than it does today, and probably none of it will originate in the Middle East. The U.S. will, however, remain invested in stability in that part of the world even if it doesn’t consume a single drop of Middle Eastern oil. Interests other than energy, such as terrorism, nuclear proliferation, the security of Israel and the well-being of more than more than 300 million Arabs, will continue to be high on the U.S. agenda.¶ The U.S. will continue to have enduring energy interests in the Middle East, given that its allies and China -- the single largest engine of global economic growth -- will become increasingly dependent on the Middle East in the years ahead. Even more important, because all oil is priced on a global market, a disruption in the Middle East will quickly filter back to the U.S. economy. Americans in 2020 may transmit less of their income abroad in the case of a surge in oil prices, but a major increase in global prices caused by instability in the Middle East would be almost as destabilizing to the U.S. as it was when Uncle Sam secured much of its oil from Saudi Arabia.

#### Energy security won’t alter U.S. foreign policy – multiple alt causes constrain the U.S. and ensure our involvement overseas

Myhre 13 – graduate of the University of Colorado where he double majored in history and international affairs, PhD at the London School of Economics in international relations

Jeff, “American Energy Independence Might Not Change Things Much”, Feb 20, <http://foreignpolicyblogs.com/2013/02/20/american-energy-independence-might-not-change-things-much/>, CMR

Thanks to fracking and the oil rush in North Dakota, many analysts predict energy independence for North America, and even for the U.S. itself. The most recent high-profile prediction came from Citigroup’ s global commodities research team, headed by Edward Morse. They issued an 85-page report, which sadly is not available for free, on the future of the energy markets. From a purely economic standpoint, the report, and others like it, was upbeat. However in terms of overall foreign policy, it’s hard to see how energy independence is a game changer.¶ The Citi report stated that the “momentum toward North American energy independence accelerated last year well beyond the wildest dreams of any energy analyst.” The report supported this by noting “Crude oil production rose from the beginning to the end of 2012 by 1.16 million barrels per day, while natural gas liquids increased by 170 thousand barrels per day.”¶ Since the 1970s oil embargo, the U.S. has focused a lot of its attention on access to oil. Indeed, the Carter Doctrine says that the U.S. will use force to protect the oil fields of the Persian Gulf. The fear then was the Soviets, having moved into Afghanistan, would someday occupy the oil fields of Arabia and win the Cold War. Despite the USSR going out of business, America remains concerned about access to oil from abroad.¶ If the country achieves energy independence, theory says that America becomes free from the need to prop up unpleasant but friendly dictators, and American policy in the region will undergo a revolution based on a greater ability to maneuver. In practice, though, I am not so sure that the extra room is going to be all that much.¶ **Because of the Al Qaeda murders of 2001 and because of the Arab Spring** (and yes, the collapse of the USSR), **American policy across North Africa into the Middle East and beyond to Indonesia, has experienced mission creep**, for want of a better term. America had a primary interest in access to oil, but in acting on that interest, the country became entangled in other political aspects of the region. In other words, **we are so involved now that energy is merely one component of our array of interests**.¶ **If energy vanished entirely from the equation, Al Qaeda and other jihadi groups would continue to target America and those close to it**. The Arab Spring has illustrated the split between rulers and ruled in many countries where America has established a presence; which side America backs may be tied to access to energy, but **many other consideration enter the picture**.¶ I am glad that there is a shot at energy independence for North America in general and the U.S. in particular. It will improve our balance of payments, and it will give us greater control over our environmental policies in the long run. **I remain doubtful**, though, **that ending our importation of oil from sensitive regions in the world will have as great an impact on our foreign policy as some hope**. In the 1970s, that might have been the case, but after 40 years, the situation is more complicated.

#### Mexico is quickly becoming a major economic power in Latin America, leading to the increase of US investment in Mexico’s energy sector.

Kapsche, 2013 (Mike, University of Georgia - Terry College of Business

Master of Business Administration (MBA), Business Administration, Management and Operations, “Investing in Mexico: Latin America’s Next Largest Economy”, <http://www.investmentu.com/2012/November/investing-in-mexico-latin-america.html>, LL)

I’ve noticed people go to great lengths to travel the world, but inexplicably ignore sites in their own backyard.¶ Take me, for example.¶ I have lived in the United States for over 25 years.¶ And while I have visited a total of 23 states and other foreign countries, I have never been to Mexico. It’s not like I haven’t had the opportunity…¶ I’ve just always taken a pass. Admittedly, I’ve been a bit spooked by all the headlines on border, drug and gang violence.¶ This type of thinking is unfortunately keeping many investors away from Mexico – a big mistake.¶ Because while Mexico’s challenges make headlines, its strengths are making money for investors.¶ Already this year, Mexico’s Stock Exchange, the Bolsa Mexicana de Valores, has been the second-best performing stock market in the world, lagging only Germany’s.¶ And over the past 12 months, its stock exchange is up roughly 20%.¶ But this could be just the beginning of something even bigger…¶ As Nomura Holdings (NYSE: NMR) analyst Benito Berber relayed in a recent report, “In the next decade, Mexico is likely to become [Latin America’s] largest economy and one of the most dynamic among emerging markets.” In this report, you’ll discover exactly what two industries are set to benefit from Mexico’s continued growth. You’ll also see how you can gain access to some of Mexico’s best companies right here in the United States.¶ Let’s get right to the details…¶¶ Industry #1: An Emerging Manufacturing Superpower¶ For years, China has always been the go-to place for outsourcing, especially when it comes to manufacturing.¶ According to a JP Morgan (NYSE: JPM) study, in 2002, Chinese workers earned half of what Mexican workers earned at that time.¶ Today, however, because of rising Chinese wages, they earn just 12% less than Mexican workers.¶ In fact, in just the last two years, 200 Chinese companies have expressed interest to the Chinese government that they’d like to move their operations to Mexico to save on costs.¶ In addition, companies in 41 different countries are also looking to set up multi-million and -billion dollar manufacturing facilities in Mexico right now.¶ Italian tire maker Pirelli is just one example. It’s looking to set up its first-ever plant in Mexico as you’re reading this.¶ Other companies building or planning to open new plants in Mexico include…¶ Audi¶ Volkswagen¶ Honda¶ Whirlpool¶ Chrysler¶ Hershey¶ Mazda¶ Rolls-Royce¶ Ferrero¶ Nissan¶ The list goes on and on…¶ You see, Mexico’s competitive advantage is being supercharged by a weak peso policy that has pushed the peso down an unbelievable 1,500% against the U.S. dollar since 1987.¶ Not to mention, Mexico also has more free trade agreements with other countries than any other nation in the world. This explains why Mexican exports hit a record high in April of this year.¶ It also explains why American, European, Japanese, South Korea and, yes, even Chinese companies are practically falling over each other to invest in Mexican production facilities.¶ So who’s best set to gain from this rapid increase of manufacturing in Mexico?¶ Look no further than Mexican construction companies.¶ If companies from all over the world are coming to Mexico to build new manufacturing facilities, who do you think they’re going to have to do business with to make their new manufacturing facilities a reality?¶ That’s right, construction companies with an established reputation in Mexico. And Mexico itself will also need to build out the proper infrastructure to support new facilities.¶ In fact, we recommended a company by the name of Empresas I.C.A., S.A.B. de C.V. (NYSE: ICA) in Investment U Plus on June 6 of this year. Since then, Plus subscribers have had the opportunity to cash in gains as high as 51%.¶ Empresas is Mexico’s largest construction company and has been business for over 60 years. For the last three years, the company’s backlog has remained at record levels.¶ But just recently, our very own Global Equities and Emerging Markets Specialist, Carl Delfeld, recommended taking a look at Grupo Simec S.A.B. de C.V. (NYSE: SIM).¶ Simec provides the finished steel that goes into manufacturing plants being built hand over fist by global companies taking advantage of Mexico’s edge. In the last six months, the company has gained a full 40%.¶ but there’s still plenty of room to run. That’s because the company is still trading barely above its book value and at only 2.41 times forward earnings.¶ Yet, this is just one of two industries set to benefit from Mexico’s growing presence in Latin America.¶ Industry #2: The World’s Most Energy Secure Nation¶ According to a recent report from the U.S. Chamber of Commerce, believe it or not, Mexico is actually the world’s most energy secure nation among the 25 largest energy-consuming countries.¶ Even more unbelievable, except for a few years in the early 2000s, Mexico has consistently been the most energy secure country for the past 30 years running.¶ The trouble for investors, however, is that investing in Mexican energy isn’t the easiest thing to do.¶ Petróleos Mexicanos, or Pemex, is Mexico’s largest enterprise in terms of total sales, assets, personnel employed and tax payments.¶ Not only does the company fuel Mexico’s cars, it represents 40% of the Mexican government’s revenue. It’s undoubtedly one of the world’s largest petroleum companies, as well.¶ But it’s state-owned by the Mexican government. Therefore, it doesn’t have shares that trade on a public exchange like the companies previously mentioned.¶ How can you possibly benefit from Pemex without actually being able to invest in the company?¶ It’s actually pretty simple.¶ Pemex works with many companies to help make its operation run smoothly.¶ For instance, Pemex just awarded McDermott International Inc. (NYSE: MDR) a $50-million contract to build three pipelines to help transport its oil from offshore to onshore.¶ More opportunities are opening up, as we**ll**.¶ As Bloomberg reports, in Mexico, “Oil reform in 2008 opened exploration and production projects to private and foreign companies for the first time since 1938… Morgan Stanley is preparing to invest millions of dollars in Mexican energy companies as the nation opens up the industry to private capital and state-owned oil producer Petróleos Mexicanos boosts spending to a record.”¶ Just last year, Schlumberger Limited (NYSE: SLB) and its partner Petrofac were awarded the rights to develop Northern Mexico’s Panuco Field, one of six properties being auctioned off by Pemex.¶ In the first quarter of 2012, the company announced revenue of $10.61 billion, up from $8.72 billion in the first quarter of 2011. The company even largely contributed its growing numbers to offshore production and exploration in Mexico and the Gulf of Mexico.¶ The Bottom Line¶ Mexico still exports 80% of its goods to the United States.¶ Yet, being so close the world’s largest economy hasn’t necessarily been much of a burden.¶ Last year; Mexico earned $277 billion exporting goods to the United States. And that number is set to only increase now that doing business in Mexico is arguably even cheaper than in China.¶ You see, what could take month to receive goods from China, only takes a few days from Mexico. There are no trade wars to worry about, no tariffs, no fees.¶ Add in the fact that Mexico currently has 43 other free trade agreements with other nations, the most out of any country in the world, and you can see why there may be no better opportunity than right now to cash in from Mexico’s budding global presence.¶ Good Investing.

#### Several projections indicate that US is now the path to complete natural resource self-sufficiency.

Samuelson, 2013 (Robert, bachelor's degree in 1967 from Harvard University, where he majored in government, “The U.S. may become energy-independent after all” Washington Post, http://www.washingtonpost.com/blogs/post-partisan/post/the-us-may-become-energy-independent-after-all/2012/11/14/ef8624e4-2e7d-11e2-89d4-040c9330702a\_blog.html, LL)

Preoccupied by the election, Americans may be under the delusion that most major social and economic changes proceed from the ballot box. Not so.¶ The latest reminder of this comes from a surprising source: the annual World Energy Outlook report from the Paris-based International Energy Agency (IEA). In the report, the agency comes to the startling conclusion that, by 2020, the United States will displace Saudi Arabia — albeit temporarily — as the world’s largest oil producer. Even more astonishing, the United States is projected by 2035 to be virtually self-sufficient in oil, with modest imports coming from secure suppliers.¶ Richard Nixon must be cheering from his grave. In 1973, Nixon launched Project Independence; the United States would be energy self-sufficient by 1980. It didn’t happen, and although many politicians later embraced the same popular goal, most energy experts considered it a self-serving fantasy. Oil demand crept steadily upward, while America seemed to be slowly exhausting its once-large reserves. “Output had been widely assumed, even as recently as a few years ago, to be in inevitable decline,” notes the IEA.¶ No more. Geology and technology, it seems, are destiny.¶ The same technology that has resulted in a vast expansion of natural gas production — so-called “shale gas” — is doing the same for oil. “Fracking” (shooting highly pressurized water into oil formations) and horizontal drilling are steadily increasing production. Meanwhile, the IEA expects that much-improved vehicle fuel efficiency will slowly reduce U.S. oil demand. The Obama administration has adopted rules raising fuel efficiency for new cars to 54.5 miles per gallon by 2025 -- roughly double the present standard.¶ Together, rising oil production and shrinking demand should dramatically reduce U.S. imports, says the IEA. In 2011, they had already fallen to 9.5 million barrels a day, roughly half of U.S. consumption. But by 2035, the IEA expects net imports of only 3.4 million barrels a day. The decline is split roughly between higher production — including biofuels — and savings from greater fuel efficiency.¶ The IEA sees profound consequences. For starters, the long-standing U.S. trade deficit will narrow and might disappear. In 2011, oil imports represented two-thirds of the deficit in goods. While the United States will use less imported oil, it should also become a substantial exporter of liquefied natural gas (LNG); until a few years ago, it “was expected to become a major importer of LNG.” Abundant and cheap natural gas should support a manufacturing revival by attracting energy-intensive industries such as “aluminum, paper or iron and steel, or . . . petrochemicals . . . where feedstock costs can represent over 80 percent of total operating expenses.”¶ Within a few decades, the United States could attain Nixon’s once-impossible goal. However, the IEA warns that growing independence won’t insulate the United States entirely from global markets. “Oil prices are set globally,” the IEA reminds, “so consumers in the United States will continue to feel the effects of worldwide price fluctuations.”

#### With oil and gas production developing so rapidly, the US is projected to become self-sufficient in the near future.

Domm, 2013 (Patti, CNBC Executive News Editor, “US Is on Fast-Track to Energy Independence: Study” CNBC, http://www.cnbc.com/id/100450133, LL)

U.S. oil and gas production is evolving so rapidly—and demand is dropping so quickly—that in just five years the U.S. could no longer need to buy oil from any source but Canada, according to Citigroup's global head of commodities research.¶ Citigroup's Edward Morse, in a new report, projects a dramatic reshaping of the global energy industry, where the U.S., in a matter of years, becomes an exporter of energy, instead of one of the biggest importers.¶ The shift could sharply reduce the price of oil, and therefore limit the revenues of the producing nations of OPEC, as well as Russia and West Africa. Those nations face new challenges: not only are the U.S. and Canada increasing output, but Iraq increasingly is realizing its potential as an oil producer, adding 600,000 barrels a day of production annually for the next several years.¶ "OPEC will find it challenging to survive another 60 years, let alone another decade," the report by Morse and other Citi analysts said. "But not all of the consequences are positive, for when it comes to the geopolitics of energy, the likely outcomes are asymmetric, with clear cut winner and losers." (Read More: The World's 15 Biggest Oil Producers)¶ The U.S. is a winner in many ways. Its super power status could be prolonged because of this new growth in oil and shale gas production, made possible by "fracking" and other non-conventional drilling technologies.¶ Crude oil generated the largest single annual increase in liquids production in U.S. history last year, with an increase of 1.16 million barrels per day. Oil production is booming in places like Texas and North Dakota, which has the lowest unemployment in the country at just 3 percent last September, compared to the national rate of 7.8 percent then.¶ Citi analysts also foresee a new era of U.S. industrialization, fueled by cheaper power. They cite dozens of industrial projects across America that have already begun or are planned, in such industries as auto, chemicals and steel. (Read More: Winter Storm May Stall Gas Price Climb)¶ The oil producing nations of OPEC, and others, will have to adjust to a world of lower prices. Separately, OPEC, in its February report Tuesday, commented about the U.S., noting the US is the fastest growing producer this year among the non-OPEC nations. "Starting this year, North American output, as we indicate in this report, should start to have tangible impacts both on global prices and trading patterns, and will eventually turn the global geopolitics of energy on its head," the report said.¶ Morse surprised markets a year ago with a report that envisioned the U.S. as part of an energy independent North America. Since then, the view has become mainstream. The International Energy Agency forecast last fall that the U.S. will overtake Saudi Arabia and Russia as the top oil producer by 2017. The IEA also forecast that North America could become a net oil exporter by around 2030 and the U.S. could become nearly self-sufficient by 2035.¶ Morse's latest report, released Tuesday, has an even more aggressive view of the U.S. move to dominance as an energy producer.¶ If crude oil and field condensates, natural gas liquids, renewable fuels and refinery processing gains are counted, the report put U.S. production at 11.2 million barrels per day at the end of 2012, making the U.S. the biggest oil producer already last year.¶ Asked how his report has been received so far, Morse said, with an ironic laugh, that he's had some "push back but not as much as last year."

#### With the advent of more commercially viable oil extraction methods, the US is set to become the world’s biggest oil producer – leading the US to a path of ultimate natural resource self-sufficiency.

Krauss, 2012 (Clifford, national business correspondent based in Houston, covering energy, “Energy Independence in the United States” New York Times, http://www.nytimes.com/2012/11/14/business/energy-environment/energy-independence-in-america-would-not-be-fully-independent.html?\_r=0, LL)

The United States will overtake Saudi Arabia to become the world's biggest oil producer before 2020, and will be energy independent 10 years later, according to a new forecast by the International Energy Agency.¶ The recent resurgence in oil and gas production, and efforts to make the transport sector more efficient, are radically reshaping the nation's energy market, reported Paris-based IEA in its World Energy Outlook.¶ North America would become a net exporter of oil around 2030, the global organization said Monday.¶ "The United States, which currently imports around 20% of its total energy needs, becomes all but self sufficient in net terms -- a dramatic reversal of the trend seen in most other energy importing countries," the IEA stated.¶ The U.S. is experiencing an [oil boom](http://money.cnn.com/2012/08/24/news/economy/energy-boom/?iid=EL), in large part thanks to high world prices and new technologies, including hydraulic fracking, that have made the extraction of oil and gas from shale rock commercially viable.¶ From 2008 to 2011, U.S. crude oil production jumped 14%, according to the U.S. Energy Information Administration. Natural gas production is up by about 10% over the same period.¶ [Related: the facts about oil and gas under Obama](http://economy.money.cnn.com/2012/10/18/the-facts-about-oil-and-gas-under-obama/?iid=EL)¶ According to the IEA, U.S. natural gas prices will rise to $5.5 per million British thermal units (MBtu) in 2020, from around $3.5 per MBtu this year, driven by rising domestic demand rather than a forecast increase in exports to Asia and other markets.¶ "In our projections, 93% of the natural gas produced in the United States remains available to meet domestic demand," it said. "Exports on the scale that we project would not play a large role in domestic price setting."¶ North America's new role in the world energy markets will accelerate a change in the direction of international oil trade toward Asia, and underscore the importance of securing supply routes from the Middle East to China and India. ¶ Turning farmland into oil fields¶ The IEA said it expects global energy demand to increase by more than a third by 2035, with China, India and the Middle East accounting for 60% of the growth, and more than outweighing reduced demand in developed economies.¶ That will push world average oil import prices up to $125 per barrel (in 2011 dollars) by 2035, from around $100 per barrel at present, but they could be much higher if Iraq fails to deliver on its production potential.¶ Iraq is set to become the second largest oil exporter by the 2030s, as it expands output to take advantage of demand from fast growing Asian economies.¶ [Related: Iraq oil output to double by 2020](http://money.cnn.com/2012/10/09/news/economy/iraq-oil/?iid=EL)¶ New fuel economy standards in the U.S. and efforts by China, Japan and the European Union to reduce demand would help to make up for a disappointing decade for global energy efficiency.¶ "But even with these and other new policies in place, a significant share of the potential to improve energy efficiency -- four-fifths of the potential in the buildings sector and more than half in industry -- still remains untapped," the IEA stated.¶ Policymakers are still missing out on potential benefits for energy security, economic growth and the environment.¶ Growth in demand over the years to 2035 would be halved and oil demand would peak just before 2020, if governments took action to remove barriers preventing the implementation of energy efficiency measures that are already economically viable, the global organization said.

#### With the rapid increase of new shale drilling technologies, the US is poised to become a more reliable source of oil than current foreign exporters.

Krauss, 2012 (Clifford, national business correspondent based in Houston, covering energy, “Energy Independence in the United States” New York Times, http://www.nytimes.com/2012/11/14/business/energy-environment/energy-independence-in-america-would-not-be-fully-independent.html?\_r=0, LL)

EVER since the Arab oil embargoes in the 1960s and 1970s, American presidents have pledged to end the country’s dependence on foreign oil by drilling more at home and increasing energy efficiency. But “energy independence” was little more than a dreamy campaign slogan.¶ Now, suddenly, the dream looks to be in reach. The International Energy Agency reported this week that the United States was poised to become the world’s biggest oil producer thanks to new drilling technologies in shale fields across the country. With oil production going up each month, not only are imports from the Organization of the Petroleum Exporting Countries going to drop, the energy agency predicted, but the United States will also become a net oil exporter by 2030. Michael Makovsky, a Pentagon official in the George W. Bush administration said “If we are going to be a consumer of oil, it’s better that it be our oil rather than from the Middle East.

### AT: Energy – Impact Turn

#### Turn: Energy independence crushes interdependence – turns hegemony

Graeber 13

Daniel J. Graeber, “U.S. Energy Independence Weakens its Power”, May 15, <http://oilprice.com/Energy/Energy-General/U.S.-Energy-Independence-Weakens-its-Power.html>, CMR

Some political theorists speculate that retracting from the foreign market could be costly. Walter Russell Mead wrote almost a decade ago that superpowers can't maintain a position of dominance by force in perpetuity. Instead, he said, "sticky power," or connecting other countries to U.S. markets and then trapping them in it, is what ensures supremacy in a global system. By that logic, **the U**nited **S**tates, if oil production predictions come true, **could hold the same geopolitical influence over global markets that OPEC members did in the 1970s**.

#### Turn: North American energy independence collapses overseas oil producers – leads to global chaos and instability – turns the case

YAKABUSKI 13 (Konrad, “The downsides of U.S. energy independence”, May 13, <http://www.theglobeandmail.com/commentary/the-downsides-of-us-energy-independence/article11869851/>, CMR)

What gets mentioned less are the downsides of energy independence. Rising U.S. and Canadian oil production could well destabilize petro-states in the Middle East, Russia, Africa and beyond, sparking regime changes unfavourable to U.S. interests and creating an even riskier world.¶ The trauma of the 1973 Arab oil embargo fuelled America’s obsession with energy security. That obsession only intensified with declining domestic production as conventional oil wells dried up. The failure to halt ever-rising dependence on foreign oil became a source of national shame and resentment, humbling successive U.S. presidents into holding hands with Saudi oil sheiks.¶ In just a few short years, however, the United States has experienced a stunning reversal of its energy fortunes. As recently as 2005, the country was importing an average of 12.5 million barrels of oil every day, which was 60 per cent of domestic consumption. By last year, oil imports were down to 7.4 million barrels per day, 40 per cent of consumption. Next year, imports are expected to average 5.7 million barrels a day, 30 per cent of domestic demand, according to last week’s forecast by the U.S. Energy Information Administration.¶ A sharp drop in consumption since the recession, along with better fuel efficiency in new cars, partly explains the improving U.S. balance of oil trade. But mostly, it stems from new technology that has freed up previously inaccessible oil reserves, leading to a surge in U.S. production. From barely five million barrels of oil a day in 2008, domestic production will surpass 7.1 million barrels this year and reach 8.5 million barrels by the end of 2014. Some analysts think the U.S. will overtake Saudi Arabia as the world’s biggest oil producer as early as 2017.¶ The paradox, however, is that both Canada and the U.S. need oil prices to remain high in order to keep production rising. Otherwise, the development of U.S. shale reserves and Canadian oil sands becomes a money-losing proposition and the resource will stay in the ground. So, North American oil independence cannot go hand in hand with a break at the gas pump for North American consumers.¶ That should provide some comfort to environmentalists who see rising production here as a nightmare scenario. High gasoline prices should continue to discourage consumption and serve as an incentive to attain even higher fuel efficiency standards and develop alternatives to the internal combustion engine.¶ Declining U.S. imports from the Middle East and Africa could, however, wreak political havoc in those regions. Nigeria and Angola have already seen their oil exports to North America slow to a trickle. They will increasingly compete with Middle Eastern countries to supply Asian markets, a development Citigroup analyst Edward Morse predicts will be “highly disruptive.”¶ In his new book The Power Surge, Michael Levi of the Council on Foreign Relations warns: “If Middle Eastern oil producers conclude that rising U.S. oil production will weaken U.S. interest in the region, they’ll take steps to build alliances with other world powers. If leaders in Beijing believe that the United States will no longer be as interested in protecting critical sea lanes that link Middle Eastern oil markets to the wider world, they’ll build up their navy more quickly.”¶ OPEC nations cannot afford to see rising North American production drive down global oil prices, either. Were that to happen, it would sow political unrest in places like Saudi Arabia that have been shamelessly buying off their populations to keep the Arab Spring at bay. The consequences of regime change in Saudi Arabia could be deeply unsettling for global security.¶ U.S. freedom from Middle Eastern oil cannot, alas, mean freedom from Middle Eastern politics.

### AT: Illegal Immigration

#### Illegal immigration a thing of the past – multiple factors and recent experience prove

Cave 13 (Damien, “In Mexican Villages, Few Are Left to Dream of U.S.”, April 2, <http://www.nytimes.com/2013/04/03/world/americas/new-wave-of-mexican-immigrants-seems-unlikely.html?pagewanted=all>, CMR)

But past experience and current trends in both Mexico and the United States suggest that legalization would not lead to a sudden flood of illegal immigration on the scale of what occurred after 1986. Long-running surveys of migrants from Mexico found that work, not the potential to gain legal status, was the main cause of increased border crossings in the 1990s and 2000s. And as Mr. Saldivar points out, times have changed.¶ The American economy is no longer flush with jobs. The border is more secure than ever. And in Mexico the birthrate has fallen precipitously, while the people who left years ago have already sent their immediate relatives across, or started American families of their own.¶ “It’s a new Mexico, it’s a new United States, and the interaction between them is new,” said Katherine Donato, a sociologist at Vanderbilt University who specializes in immigration. As for Congressional action spurring a surge of illegal crossings, she added: “You’re just not going to see this massive interest. You don’t have the supply of people. You have a dangerous trip that costs a lot more money, and there has been strong growth all over Latin America. So if people in Central America are disenfranchised and don’t have jobs, as was the case in Mexico three or four decades ago, they might decide to go south.”

#### Trend for illegal immigration is negative – especially for Mexico

Plumer 13 (Brad, “Graph of the Day: Illegal immigration has slowed since 2007”, Jan 28, <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/01/28/graph-of-the-day-illegal-immigration-has-dropped-sharply-since-2007/>, CMR)

So how many people would that affect? At the moment, there are roughly 11.1 million **undocumented immigrants** residing in the United States. Yet **it’s worth noting** that **this number has dropped sharply during the recession**, as this chart from Pew Research Center shows:¶ **The key reason** for the drop **is that overall Hispanic immigration from Mexico** and Latin America **has slowed significantly since the financial crisis hit.** And there are multiple theories for why that is:¶ Demographers say **illegal Hispanic immigration** — 80 percent of all illegal immigration comes from Mexico and Latin America — **isn’t likely to approach its mid-2000 peak again, due** in part **to a weakened U.S. economy and stronger enforcement but also a graying of the Mexican population.**¶A key question here is what happens as the U.S. economy recovers. If the recent plunge in illegal immigration was simply due to a dearth of jobs in the United States, then the influx of undocumented workers should soon pick up again.¶ On the other hand, if the decline in illegal immigration since 2007 has been driven by changes in Mexico and Latin America — older populations, stronger economies — then **we might not see** as big **a rebound in the years ahead**. At least some demographers support this second theory. As the **Pew Research Center’s** Jeffrey **Passel told the AP last month, ”We are not going to see a return to the levels of Mexican unauthorized immigration of a decade ago.”**

#### Illegal immigration from Mexico declining

Muskal 12/6/12 (Michael, “Illegal immigration to U.S. stays down, Pew's latest numbers show”, <http://articles.latimes.com/2012/dec/06/nation/la-na-nn-pew-illegal-immigration-down-20121206>, CMR)

There are about 11.1 million unauthorized immigrants living in the United States, a figure that has remained relatively constant over the last two years, according to the latest estimates released Thursday by the Pew Hispanic Center.¶ The numbers come as President Obama prepares to push immigration reform as a key part of his second-term agenda. They also come as analyses highlight the greater role Latinos played in the recent presidential election.¶ The 11.1-million figure compares with 11.2 million in 2010 and 11.1 million in 2009.¶ The number of illegal immigrants in the U.S., which stood at about 8.4 million in 2000, peaked at about 12 million in 2007 and has been tapering since, according to the analysis prepared by demographers Jeffrey Passel and D’Vera Cohn of the Hispanic Center, part of the Pew Research Center.¶ The decrease was driven mainly by a drop in the number of immigrants arriving from Mexico, the largest source of migration to the U.S. The Pew Hispanic Center reported earlier this year that net immigration from Mexico to the United States had stopped and possibly reversed through 2010.¶ At the peak, about 770,000 immigrants were arriving annually from Mexico, the majority of them illegally. By 2010, the inflow had dropped to about 140,000, and the majority arrived legally, according to the center’s estimates.

### AT: Illegal Immigration – Impact Turn

#### Illegals are better for the economy than legal immigrants

Hanson 07 (Gordon, Professor Hanson holds the Pacific Economic Cooperation Chair in International Economic Relations at UC San Diego in a report to the COUNCIL ON FOREIGN RELATIONS, “The Economic¶ Logic of Illegal¶ Immigration,” ME)

This analysis concludes that there is little evidence that legal immigration is¶ economically preferable to illegal immigration. In fact, illegal immigration responds to¶ market forces in ways that legal immigration does not. Illegal migrants tend to arrive in¶ larger numbers when the U.S. economy is booming (relative to Mexico and the Central¶ American countries that are the source of most illegal immigration to the United States)¶ and move to regions where job growth is strong. Legal immigration, in contrast, is¶ subject to arbitrary selection criteria and bureaucratic delays, which tend to disassociate¶ legal inflows from U.S. labor-market conditions.4 Over the last half-century, there¶ appears to be little or no response of legal immigration to the U.S. unemployment rate.5¶ Two-thirds of legal permanent immigrants are admitted on the basis of having relatives in¶ the United States. Only by chance will the skills of these individuals match those most in¶ demand by U.S. industries. While the majority of temporary legal immigrants come to the¶ country at the invitation of a U.S. employer, the process of obtaining a visa is often¶ arduous and slow. Once here, temporary legal workers cannot easily move between jobs,¶ limiting their benefit to the U.S. economy.

### AT: Mexican Growth

#### Turn: plan HURTS Mexican growth – increased taxes

Farah ‘6 (Joseph, “THE NEW WORLD DISORDER¶ CORNYN WANTS U.S. TAXPAYERS ¶ TO FUND MEXICAN DEVELOPMENT”, 7/13, <http://www.wnd.com/2006/07/36998/>, CMR)

The fund, if it is ever created, won’t just cost U.S. and Candian taxpayers more, it will also cost Mexican taxpayers a lot more.¶ Cornyn’s bill requires the government of Mexico to raise tax revenue to 18 percent of the gross national product. The current tax rate is approximately 9 percent.

### AT: North American Integration

#### Regional cooperation high now – multiple indicators

WSJ 5/2/13 (“Statement: U.S., Mexico Stress Greater Cooperation”, <http://blogs.wsj.com/washwire/2013/05/02/statement-u-s-mexico-stress-greater-cooperation/>, CMR)

Economic Competitiveness¶ Underpinning our successful United States-Mexico economic relationship are trade and investment flows that support jobs in both countries. Bilateral trade was almost half a trillion dollars in 2012.¶ The two Presidents agreed on the need to continue forging a close and productive economic relationship to enhance their nations’ competitiveness and to create more trade and investment opportunities. With this purpose, they decided to establish a High Level Economic Dialogue, which will be chaired at the cabinet level and focus on promoting competitiveness, productivity and connectivity, fostering economic growth and innovation, and partnering for global leadership. The leaders intend for the first meeting of the Dialogue to take place later this year, include representatives from relevant agencies and departments from both governments, and engage with relevant stakeholders, notably the private sector.¶ The two leaders also discussed the importance of the United States and Mexico working together, and with their Canadian partners, to make North America the most dynamic and competitive region in the world. They agreed to seek a successful conclusion to a high-standard Trans-Pacific Partnership this year that includes 21st century provisions that significantly strengthen the North American Free Trade Agreement. They also reiterated their commitment to the resolution of specific trade issues between their countries, and their interest in maintaining close coordination with regards to other relevant trade negotiations.

#### Full integration impossible --- too many barriers

Economist 11 (“The push for deeper ties peters out”, Feb 24, <http://www.economist.com/node/18229546>, CMR)

WHEN Canada, Mexico and the United States implemented the North American Free-Trade Agreement (NAFTA) in 1994, it was hailed as a promising first step towards the deeper integration of the continent. Six years later Vicente Fox, then Mexico's president, called for a customs union, a common external tariff and free labour flows. And in 2005 the leaders of the three countries began a series of annual summits to push an ambitious “security and prosperity” agenda.¶ Since then the drive for integration has ground to a halt. The “three amigos”, as their leaders were once dubbed, could not find time to meet last year, and the session scheduled for February 26th has been cancelled. When Barack Obama and Stephen Harper, Canada's prime minister, announced on February 4th that they were exploring ways to harmonise regulations and co-ordinate security—plans that had previously been discussed trilaterally—they did not mention Mexico.¶ A North American version of the European Union was always a long shot. Having one giant dealing with two relative dwarves is unlikely to produce a deal acceptable to all parties. Moreover, North America lacked the historical impetus of the second world war, which gave European integration a sense of purpose.¶ Nonetheless, even the modest goals set in the years following NAFTA's passage have been blocked. One big reason is the September 11th attacks, which led the United States to redouble its border enforcement. Whereas in the 1990s Americans discussed eliminating border controls with Canada, earlier this month the United States Government Accountability Office reported that less than 1% of the country's northern border had an “acceptable level of security”. To the south, Mexico's raging drug war and stream of migrants make the prospect of relaxing controls there politically unthinkable. Mr Obama has struggled to fight off new restrictions, like Arizona's harsh state law on immigration.¶ America's lengthy recession also diminished the appeal of further trade liberalisation. NAFTA has always had its doubters in the Democratic Party, including Mr Obama when he was competing for its nomination. As a candidate, Mr Obama vowed to renegotiate the deal. Although he has not honoured that pledge—much to the relief of Mexico and Canada—the United States did cancel a programme allowing Mexican lorry drivers to work in America in 2009, in violation of its NAFTA obligations. Mexico retaliated with a series of tariffs aimed at the states of legislators who opposed the programme.¶ America is not the only country to blame. Because Mr Harper runs a minority government that could fall at any time, he has chiefly focused on short-term, voter-pleasing issues like cracking down on illegal immigration. Canada imposed new visa restrictions on Mexican visitors in 2009, angering the Mexican government.¶ And whereas Canadian companies once strongly backed regional integration, their focus has now shifted to Asia, turning their North American agenda almost entirely towards the United States. Mr Harper has followed suit: although he has talked of a hemispheric foreign policy and signed free-trade deals with Colombia, Panama and Peru, he is now working on aligning Canadian and American security measures and regulations.¶ Felipe Calderón, Mexico's president, has espoused a vision of North America as a union of complementary economies—with Canada providing the natural resources and Mexico the labour—that would compete with Asia. However, his efforts to liberalise Mexico's economy, including a plan to allow private investment in energy, have been defeated or watered down in Congress. It is hard to see how he can achieve continent-wide reforms.¶ The main obstacle to trilateral co-operation is that Canada and Mexico are much more interested in their relations with the United States than they are in each other. Until that changes, the next North American summit will probably prove just as difficult to schedule.

### AT: North American Integration – Protectionism Turn

#### The plan causes a huge protectionist backlash

Field 12 (Alan M, “Will protectionist murmurs deter efforts to forge even closer economic integration”, July 5, <http://www.canadiansailings.ca/?p=4319#sthash.EBghHG0k.dpuf>, CMR)

Although current NAFTA provisions for labour are “archaic,” said Ms. Greenwood, she is encouraged by the progress the U.S. and Canada are making in their Beyond the Border initiatives. For his part, Dr. Pastor argues that such initiatives don’t get nearly far enough to use joint North American resources to solve the common problems of the continent. He proposes that the transportation ministers of Canada, the U.S. and Mexico should negotiate a North American Plan for Infrastructure and Transportation, to create new trade corridors that would extend from Canada all the way to south Mexico. **He added** that **leaders** of the three countries **should** also **eliminate their costly NAFTA ‘rules of origin**,’ – complex barriers to trade that he said were an “inefficient tax estimated at over $500 million per year.” The three countries should also establish a common external tariff whose revenues would fund a North American Investment Fund, whose main goal would be to fund infrastructure and transportation, added Pastor. Among other new institutions would be a lean North American Commission on Regulatory Convergence, which would “do research and provide options for the three governments to improve competitiveness and security in North America.”¶ No doubt, **such bold initiatives will strike many as being far too ambitious to attract widespread political support in** either Canada, **the U.S**. or Mexico. In each of these countries, **protectionist forces are** well-entrenched**,** and many oppose any initiative that would seem to cede too much power to foreign governments and international institutions. Nevertheless, the countries’ leaders may gradually be impelled to move at least part of the way toward such bold solutions as their economies becoming increasingly integrated – and yet equally challenged by competition from other regions of the world.

#### That will force Obama to bash NAFTA – turns case

O’Brien 8 (Dan, Senior Editor – Economic Intelligence Unit, “Our Vested Interest in a McCain Win”, Sunday Business Post, 11-2, <http://www.sbpost.ie/post/pages/p/story.aspx-qqqt=GUEST+WRITER-qqqs=commentandanalysis-qqqid=37213-qqqx=1.asp>, CMR)

Anti-globalisation sentiment is widespread in the Democratic Party, which has traditionally been less supportive of economic openness than the Republicans. The Democratic-controlled Congress has opposed free trade agreements and, since 2007, has refused the extension of presidential powers to negotiate trade deals without having for itself line-by-line veto power. This is one of the reasons why the Doha round of multilateral trade talks continues to languish.¶ As for Obama himself, he has not shied away from protectionist rhetoric during the campaign. But, in fairness, his bite is unlikely to match his bark. His economic advisers are mostly solid internationalists, and one of them, Austan Goolsbee, let slip earlier in the year that Obama would not act on his threats of economic nationalism if elected.¶ How could these factors come together and play out in relation to Ireland? By far the greatest threat is a change to the US corporation tax code. Many voices are now calling for US companies to be taxed on worldwide earnings in their home country.¶ If American companies located in Ireland were obliged to pay the US rate of 35 per cent, it would mean that, on top of the 12.5 per cent of their profits booked in Ireland, which go to the Department of Finance, an additional 22.5 per cent would go to the treasury in Washington DC.¶ US companies, which directly and indirectly employ one in ten people at work in Ireland, operate here for many reasons, but tax is undoubtedly of key importance. Data on output per worker in the sectors in which US companies dominate show that Irish workers produce more (often far more) than their counterparts elsewhere. There can be little doubt that this is attributable far less to the heroic toiling of Irish workers and far more to transfer pricing, which, put simply, is a method of inter-jurisdictional tax avoidance.¶ Obama has made noises about closing what many Americans consider to be a loophole. US businesses will lobby hard against this, arguing that it would put them at a competitive disadvantage. But as the US fiscal position weakens and as anti-business sentiment becomes shriller, making companies pay more tax in the US may be both necessary and popular.¶ If the US revamped its tax regime along those lines, it would fundamentally change the way American companies view their international operations in general, and their Irish operations in particular. Companies already in Ireland would be more likely to divest, and attracting new ones would be far more difficult.¶ Under a McCain presidency, the existing tax code would be safe, because he believes it is good for American companies and good for America. Reassuringly for Ireland, he even cited approvingly the country's low corporation tax rate in a TV debate with Obama.¶ On trade, the differences between the candidates are narrower. Philip Gordon, who was director for Europe at the national security council during the Clinton administration, is among the hot favourites to take responsibility for Europe at the state department under Obama. At a conference in Barcelona in June, he stressed Obama's commitment to bilateral trade links with Europe, and the importance of the multilateral trading system centred around the World Trade Organisation.¶ Pragmatic Republicans don't doubt the Obama commitments to avoid roll-back on trade. At a think-in of policy wonks and journalists in Slovakia two weeks ago, John Hulsman of the German Council on Foreign Relations, a hard-headed and worldly Republican, stated that, while Obama would not push for trade liberalisation, he was unlikely to go in the opposite direction.¶ But whether, against his better judgment, Obama will be able to resist moving in a protectionist direction is moot. Europeans rarely realise that their prime ministers are far more powerful domestically than American presidents are in the US. Where European parliaments have limited powers over the executive branch of government, the US Congress can make life impossible for presidents.¶ In order to get anything done, Obama will have to horse-trade with Congress. If demands for protectionism in the US rise, Congress will pander and even inflame. Legislators could call the president on his campaign promises, such as the renegotiation of the North American Free Trade Agreement. Obama may not be able to resist.

### AT: North American Integration – Protectionism Turn 2NC

#### Labor hates the plan. They only see costs.

Scheve 1 (Kenneth F., Professor of Political Science – Yale University, Globalization and the Perceptions of American Workers, p. 87, CMR)

We have presented evidence on both worker perceptions and pressures in an increasingly global US economy. **As for perceptions about globalization,** a wide range of public opinion surveys indicate that US citizens recognize both the costs and the benefits of integration with the world economy. But on balance, **the public seems to weigh the costs more than the benefits, so that their perceptions are translated into generally skeptical policy preferences about the liberalization of trade**, immigration, **and foreign direct investment.** Moreover, these preferences divide strongly across skill levels: less-educated lower-income workers are much more likely to oppose policies aimed at freer trade and immigration. As for pressure in the US labor market, these workers, still the majority of the US labor force, have had to close zero or even negative real-wage growth for more than 25 years thanks to the combination of slow growth in average real wages and sharp rises in inequality of relative wages across skill groups. ¶ How are these perceptions, policy preferences, and labor-market pressures related to each other? One hypothesis is that **the labor-market pressures have produced the policy preferences.** That is, **amid poor real and relative-wage performance, less-skilled US workers have blamed globalization for these outcomes and thus have been more likely to oppose policies aimed at further liberalization**.

#### Perception is huge. The entire economy will see the plan as driving down wages and push for import restrictions.

Scheve 7 (Kenneth F., Professor of Political Science – Yale University and Matthew J. Slaughter, Professor of Economics – Dartmouth College, “A New Deal for Globalization”, Foreign Affairs, July/August, Lexis, CMR)

The best way to avert the rise in protectionism is by instituting a New Deal for globalization -- one that links engagement with the world economy to a substantial redistribution of income. In the United States, that would mean adopting a fundamentally more progressive federal tax system. The notion of more aggressively redistributing income may sound radical, but **ensuring that most American workers are benefiting is the best way of saving globalization from a protectionist backlash**.¶ RISING PROTECTIONISM¶ **U.S. economic policy is becoming more protectionist**. First, consider trade. The prospects for congressional renewal of President George W. Bush's trade promotion authority, which is set to expire this summer, are grim. The 109th Congress introduced 27 pieces of anti-China trade legislation; the 110th introduced over a dozen in just its first three months. In late March, the Bush administration levied new tariffs on Chinese exports of high-gloss paper -- reversing a 20-year precedent of not accusing nonmarket economies of illegal export subsidies.¶ **Barriers to inward** foreign direct investment (**FDI**) **are** also **rising**. In 2005, the Chinese energy company CNOOC tried to purchase U.S.-headquartered Unocal. The subsequent political storm was so intense that CNOOC withdrew its bid. A similar controversy erupted in 2006 over the purchase of operations at six U.S. ports by Dubai-based Dubai Ports World, eventually causing the company to sell the assets. The Committee on Foreign Investments in the United States, which is legally required to review and approve certain foreign acquisitions of U.S. businesses, has raised the duration and complexity of many reviews. Both chambers of the 109th Congress passed bills to tighten CFIUS scrutiny even further; similar legislation has already passed in the current House.¶ This protectionist drift extends to much of the world. The Doha Development Round of trade negotiations, the centerpiece of global trade liberalization, is years behind schedule and now on the brink of collapse. Key U.S. trading partners are becoming increasingly averse to foreign investment, as expressed both in their rhetoric (recent public pronouncements by the governments of France and Germany) and in their actions (new restrictions in China on foreign retailers).¶ At first glance, this rise in protectionism may seem puzzling. The economic gains from globalization are immense. In the United States, according to estimates from the Peter G. Peterson Institute for International Economics and others, trade and investment liberalization over the past decades has added between $500 billion and $1 trillion in annual income -- between $1,650 and $3,300 a year for every American. A Doha agreement on global free trade in goods and services would generate, according to similar studies, $500 billion a year in additional income in the United States.¶ International trade and investment have spurred productivity growth, the foundation of rising average living standards. The rate of increase in output per worker hour in the U.S. nonfarm business sector has doubled in the past decade, from an annual average of 1.35 percent between 1973 and 1995 to an annual average of 2.7 percent since 1995. Much of the initial acceleration was related to information technology (IT) -- one of the United States' most globally engaged industries, at the forefront of establishing and expanding production networks linked by trade and investment around the globe.¶ Gains from globalization have been similarly large in the rest of the world. China and India have achieved stupendous rates of productivity growth, lifting hundreds of millions of people out of poverty. Central to this success has been the introduction of market forces, in particular international market forces related to trade and FDI. In Chinese manufacturing, foreign multinational companies account for over half of all exports. And in the Indian IT sector, Indian and foreign multinational firms account for two-thirds of sales.¶ Freer trade and investment can also enhance other foreign policy goals. The Doha Round was launched shortly after 9/11 because of the view that global poverty is intimately linked to international insecurity and instability. The Doha Round was also intended to remedy the widespread perception that previous rounds of trade negotiations had treated poor nations unfairly by failing to open the very sectors -- such as agriculture -- whose openness would most likely help the world's poor. Accordingly, it is believed that a successful Doha agreement would enhance the United States' image and promote its interests around the world.¶ There are three common explanations for why protectionism is on the rise in the United States even though globalization is good for both the U.S. economy and U.S. security interests. None, however, is convincing. The first is that a narrow set of industries, such as agriculture and apparel manufacturing, have been harmed by freer trade and, in response, have lobbied hard to turn lawmakers against liberalization. But **the incentives for** these **industries to oppose globalization have not changed in recent years**, and there are also many industries that have benefited from, and thus lobbied for, further liberalization. What is new today is that **special-interest protectionists are facing a more receptive audience.**¶ The second explanation is that **policymakers and the business community have failed to adequately explain the benefits of freer trade and investment to the public**. But in fact, public-opinion data show the opposite: large majorities of Americans acknowledge these broad benefits. If anything, the public seems to understand certain benefits better than ever -- for example, that its enjoyment of relatively affordable toys, DVD players, and other products depends on globalization.¶ Finally, there is the security explanation: that **the need to balance economic interests with national security concerns has resulted in a more protectionist stance.** This may help explain policy debates on certain issues, such as immigration. But generally, security concerns strengthen rather than weaken the case for further trade and investment liberalization, as long as such liberalization is viewed as fair to the developing world.¶ THE ROOTS OF PROTECTIONISM¶ The fundamental explanation is much simpler: **policy is becoming more protectionist because the public is becoming more protectionist, and the public is becoming more protectionist because incomes are stagnating or falling**. The integration of the world economy has boosted productivity and wealth creation in the United States and much of the rest of the world. But within many countries, and certainly within the United States, the benefits of this integration have been unevenly distributed -- and this fact is increasingly being recognized. Individuals are asking themselves, "Is globalization good for me?" and, in a growing number of cases, arriving at the conclusion that it is not.¶ This account of rising protectionism depends on two key facts. First, there is a strong link between individuals' labor-market interests and their policy opinions about globalization. Second, in the past several years labor-market outcomes have become worse for many more Americans -- and globalization is plausibly part of the reason for this poor performance.¶ Research on polling data shows that opinions about trade, FDI, and immigration are closely correlated to skill and educational levels. Less skilled Americans -- who make up the majority of the U.S. labor force -- have long led opposition to open borders. Workers with only high school educations are almost twice as likely to support protectionist policies as workers with college educations are.¶ This divide in opinion according to skill level reflects the impact that less skilled Americans expect market liberalization to have on their earnings. It also reflects their actual poor real and relative earnings performance in recent decades. It is now well established that income inequality across skill levels has been rising since (depending on the measure) the mid- to late 1970s and that the benefits of productivity gains over this time accrued mainly to higher-skilled workers. For example, from 1966 to 2001, the median pretax inflation-adjusted wage and salary income grew just 11 percent -- versus 58 percent for incomes in the 90th percentile and 121 percent for those in the 99th percentile. Forces including skill-biased technological change played a major role in these income trends; the related forces of globalization seem to have played a smaller role -- but a role nonetheless.¶ There are two important points about this link between policy opinions and labor-market skills and performance. One is that it does not simply reflect different understandings of the benefits of globalization. Polling data are very clear here: large majorities of Americans acknowledge the many benefits of open borders -- lower prices, greater product diversity, a competitive spur to firms -- which are also highlighted by academics, policymakers, and the business community. At the same time, they perceive that along with these benefits, open borders have put pressures on worker earnings.¶ Second, a worker's specific industry does not appear to drive his view of globalization. This is because competition in the domestic labor market extends the pressures of globalization beyond trade- and foreign-investment-exposed industries to the entire economy. If workers in a sector such as automobile manufacturing lose their jobs, they compete for new positions across sectors -- and thereby put pressure on pay in the entire economy. What seems to matter most is what kind of worker you are in terms of skill level, rather than what industry you work in.¶ The protectionist drift also depends on worsening labor-market outcomes over the past several years. By traditional measures, such as employment growth and unemployment rates, the U.S. labor market has been strong of late. Today, with unemployment at 4.5 percent, the United States is at or near full employment. But looking at the number of jobs misses the key change: for several years running, wage and salary growth for all but the very highest earners has been poor, such that U.S. income gains have become extremely skewed.¶ Of workers in seven educational categories -- high school dropout, high school graduate, some college, college graduate, nonprofessional master's, Ph.D., and M.B.A./J.D./M.D. -- only those in the last two categories, with doctorates or professional graduate degrees, experienced any growth in mean real money earnings between 2000 and 2005. Workers in these two categories comprised only 3.4 percent of the labor force in 2005, meaning that more than 96 percent of U.S. workers are in educational groups for which average money earnings have fallen. In contrast to in earlier decades, since 2000 even college graduates and those with nonprofessional master's degrees -- 29 percent of workers in 2005 -- suffered declines in mean real money earnings.¶ The astonishing skewness of U.S. income growth is evident in the analysis of other measures as well. The growth in total income reported on tax returns has been extremely concentrated in recent years: the share of national income accounted for by the top one percent of earners reached 21.8 percent in 2005 -- a level not seen since 1928. In addition to high labor earnings, income growth at the top is being driven by corporate profits, which are at nearly 50-year highs as a share of national income and which accrue mainly to those with high labor earnings. The basic fact is clear: the benefits of strong productivity growth in the past several years have gone largely to a small set of highly skilled, highly compensated workers.¶ Economists do not yet understand exactly what has caused this skewed pattern of income growth and to what extent globalization itself is implicated, nor do they know how long it will persist. Still, it is plausible that there is a connection. Poor income growth has coincided with the integration into the world economy of China, India, and central and eastern Europe. The IT revolution has meant that certain workers are now facing competition from the overseas outsourcing of jobs in areas such as business services and computer programming. Even if production does not move abroad, increased trade and multinational production can put pressure on incomes by making it easier for firms to substitute foreign workers for domestic ones.¶ These twin facts -- **the link between labor-market performance and opinions on globalization and the recent absence of real income growth for so many Americans -- explain the recent rise in protectionism**. Several polls of U.S. public opinion show an alarming rise in protectionist sentiment over the past several years. For example, an ongoing NBC News/Wall Street Journal poll found that from December 1999 to March 2007, the share of respondents stating that trade agreements have hurt the United States increased by 16 percentage points (to 46 percent) while the "helped" share fell by 11 points (to just 28 percent). A 2000 Gallup poll found that 56 percent of respondents saw trade as an opportunity and 36 percent saw it as a threat; by 2005, the percentages had shifted to 44 percent and 49 percent, respectively. The March 2007 NBC News/Wall Street Journal poll found negative assessments of open borders even among the highly skilled: only 35 percent of respondents with a college or higher degree said they directly benefited from the global economy.¶ Given the lack of recent real income growth for most Americans, newfound skepticism about globalization is not without cause. Nor is it without effect: **the change in public opinion is the impetus for the protectionist drift in policy. Politicians have an incentive to propose and implement protectionist policies because more citizens want them, and protectionist special interests face an audience of policymakers more receptive to their lobbying efforts than at any time in the last two decades**.

### AT: US-Mexico Relations

#### Any changes to the US-Mexico relationship have to be proposed by Mexico’s government, otherwise it’s seen as US domination

Fry- 03 (Earl H., Earl H. Fry is professor of political science and endowed professor of Canadian studies at Brigham Young University in Provo, Utah. He is also former director of the university’s Washington Seminar Program. He received his B.A. and M.A. from Brigham Young and his Ph.D. from the University of California at Los Angeles. Among his many publications is The Expanding Role of State and Local Governments in U.S. Foreign Affairs, “North American Economic Integration Policy Options,” *Center for Strategic and International Studies (CSIS),* July 2003, http://www.econ.umn.edu/~tkehoe/classes/Fry.pdf)

Officialdom in Washington has been much more circumspect about major efforts to strengthen North American integration. Little attention has been paid to this issue, and top officials know that proposals leading to major deviations from the status quo would have to originate in Canada or Mexico and not in the hegemon that physically separates the two. Canadians historically have worried about the possibility of economic integration leading to political integration, helping explain why Canadian leaders got cold feet in 1911 and again in 1947–1948 when the United States agreed to initial Canadian overtures to implement free-trade agreements. Even when the Mulroney government was ultimately successful in persuading parliament to ratify the CUSFTA in 1988, the prime minister was first forced by the Canadian Senate to call for new elections to the House of Commons, with a majority of senators arguing that an issue of such monumental importance for the future of Canada required a new electoral mandate from the voters. As for Mexico, its relationship with the United States has often been bitter, with the United States absorbing half of Mexico’s original territory, mostly by conquest, and provoking the famous lament from a nineteenth-century Mexican leader, “Poor Mexico, so far from God and so close to the United States!” Based on historical sensitivities, a blueprint for “NAFTA plus,” a customs union, a common market, or even an EU-style arrangement would initially have to be proposed by governments in Ottawa or Mexico City and certainly not by the government in Washington, D.C.

### Politics – Obama PC

#### Plan drains finite PC

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

Obama sought to warm the two bilateral relationships, but his agenda was so full - with two wars, a deep recession, and health insurance - that he could not devote the time or political capital to refashion the North American relationship. This is the political context that explains why the three governments failed to take any steps to flatten the speed bumps, fill the potholes, eliminate the roadblocks, tear down the walls, and stop extracting tolls in the absence of roads. Real integration stalled and went into reverse. The costs of doing business among the NAFTA countries increased.

### Politics – Plan Partisan/Controverisal

#### The plan ensures huge conservative backlash

Pastor ‘8 – Prof and founding director of the Center for North American Studies

Robert, The Future of North America, July/August, <http://www.american.edu/sis/cnas/upload/ForeignAffairs_Pastor_On_NA_072008.pdf>, CMR

The immigration debate has added insult to injury by antagonizing¶ Mexico without accomplishing anything. Only Senator John Cornyn¶ (R-Tex.) dared to propose a North American investment fund to help¶ close the income gap (and thus slow immigration), but he withdrew¶ his proposal after being criticized by conservatives. That would¶ have helped Mexican workers much more than the eight core labor¶ conventions proposed for inclusion in the nafta agreement.

#### Huge opposition to the plan

Farah ‘6 (Joseph, “THE NEW WORLD DISORDER¶ CORNYN WANTS U.S. TAXPAYERS ¶ TO FUND MEXICAN DEVELOPMENT”, 7/13, <http://www.wnd.com/2006/07/36998/>, CMR)

“The purpose of this fund is to reinforce efforts already under way in Mexico to ensure their (sic) own economic development,” Cornyn said. “The funding would make grants available for projects to construct roads in Mexico, to facilitate trade, to develop and expand their education programs, to build infrastructure for the deployment of communications services and to improve job training and workforce development for high-growth industries.”¶ As WND reported recently, opposition is mounting to similar programs, including President Bush’s North American Security and Prosperity Partnership.¶ Plans by government agencies and private foundations alike promoting deeper cooperation between the three countries – including even a plan for a common currency called the “amero” – are getting more scrutiny in the media, by activists and by public officials.

#### Plan sparks political backlash – empirically proven

Farah ‘6 (Joseph, “THE NEW WORLD DISORDER¶ CORNYN WANTS U.S. TAXPAYERS ¶ TO FUND MEXICAN DEVELOPMENT”, 7/13, <http://www.wnd.com/2006/07/36998/>, CMR)

WASHINGTON – Sen. John Cornyn, R-Texas, has quietly introduced a bill to create a “North American Investment Fund” that would tap U.S. and Canadian taxpayers for the development of public works projects in Mexico.¶ Despite assurances this week from White House press secretary Tony Snow that President Bush opposes the idea of a European Union superstate for North America, the effort, by one of the president’s loyal supporters in the Senate, is sure to spark new questions about negotiations between the leaders of Canada, the U.S. and Mexico on issues ranging from security to the economy.¶ “Currently, a significant development gap exists between Mexico and the United States and Canada,” Cornyn said. “I believe it is in our best interests to find creative ways to bridge this development gap.”¶ Cornyn introduced the bill just before the July 4 holiday – admitting in his introductory comments that Congress is not likely to adopt his plan quickly. In fact, Cornyn previously attempted to create the new international fund in legislation he introduced in 2004. It soon thereafter died in the Senate Foreign Relations Committee, where the latest version is headed.

### Politics – AT: Link Turns

#### No link turns – support is minimal to non-existent

Sanchez ‘5 (Marcela, “Our Sad Neglect of Mexico”, May 28, <http://www.washingtonpost.com/wp-dyn/content/article/2005/05/27/AR2005052701194.html>, CMR)

There is a strong sense in this country that Mexico's problems are of its own making, and must be solved by Mexico. That is why former Bush official Richard A. Falkenrath and others say a significant infusion of U.S. aid into Mexico is a "nonstarter." Indeed, Mexico desperately needs to collect more taxes and reform its energy sector and labor laws -- healing itself by removing structural constraints that make it more a Third World nation than the economic powerhouse it could become.¶ The North American Free Trade Agreement, signed more than 10 years ago by Canada, Mexico and the United States, was supposed to generate more jobs in Mexico, raise salaries and reduce people's incentive to emigrate. That proved to be wishful thinking. In fact, NAFTA has not generated the number of new jobs predicted, nor has it alleviated rural poverty in many areas of Mexico. That would require, according to an upcoming report on NAFTA by the Institute for International Economics, "a sustained period of strong growth and substantial income transfers to poorer states."¶ There are some in this country, a minority to be sure, who say Washington must get involved more directly. Otherwise, they argue, Mexico won't be able to reduce disparities for at least another hundred years. Among them is Robert **Pastor**, a former Carter administration official who **has tirelessly argued for a North American Investment Fund.** Pastor cites a 2000 World Bank estimate that Mexico would need $20 billion per year for a decade in essential infrastructure and educational projects to reduce that 100 years to 10.¶ **Pastor is under no illusions that such a fund will be created any time soon**. Certainly the Bush administration is not talking about any such ideas within the recently launched Security and Prosperity Partnership of North America, the latest ambitiously named project that won't even touch on immigration, although immigration is directly connected to security and prosperity.¶ **The administration and Congress are under** little pressure **to deepen the U.S. commitment to Mexico**, **not when the public is increasingly fearful of and resentful toward** immigrants, particularly **Mexicans**. But if anything, such sentiments prolong illegal immigration in the sense that they distract citizens and leaders alike into thinking that if you put up enough barriers, Mexicans will go away.

## Neg – Asia Pivot DA

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#### TPP negotiations moving forward towards completion by October – sustained push from Obama is key

Merco Press 6/12/13 (“Obama and Humala working closely on finalizing the Trans Pacific Partnership”, <http://en.mercopress.com/2013/06/12/obama-and-humala-working-closely-on-finalizing-the-trans-pacific-partnership>, CMR)

“Peru is one of our strongest and most reliable partners in the hemisphere. We have a strong commercial and trading relationship and we cooperate on a wide range of security issues, including our counter-narcotics efforts. And we spent most of our discussion focused on how we can further deepen this important bilateral relationship”, said Obama in his welcome to the Peruvian leader.¶ “For both the United States and Peru, growth is also dependent on our continued expansion in the global marketplace,” Obama said.¶ “That's why I'm very glad that Peru and the United States are working so closely together in finalizing the Trans-Pacific Partnership.”¶ Obama bills the TPP, which would encompass 40% of the global economy, as a “high-standard, high-level trade agreement” uniting the “most dynamic and fastest-growing region of the world.”¶ Delegations from Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam hope to conclude the pact before the Asia Pacific Economic Cooperation (APEC) summit in Bali in October.¶ Peru is also a founding member of the so called Pacific Alliance which also includes Chile, Colombia and Mexico which has a clear pro business and pro-foreign investment and open markets.¶ Building momentum behind TPP talks was also a central topic of a White House encounter between Obama and Chilean President Sebastian Piñera earlier this month.¶ Obama said he and Humala talked about how to deepen common efforts to combat trans-national drugs networks through South and Central America. Along with Colombia, Peru is one of the world's top producers of coca and cocaine, and the United States is one of the biggest markets for cocaine cartels.¶ Humala, who is on his first-ever trip to the United States, as president praised the attitude of the Obama administration and said Peru would continue to fight drugs production in the Western Hemisphere and work to promote trade and human rights.¶ “We have found in your administration an open environment in which we can build on all the strategic areas so as to strengthen our bonds. I am convinced that under your administration we will substantively and qualitatively fight against the scourge of drugs”, said Humala.¶ “Peru is an important trade partner with the United States. We provide economic growth. We have economic trust. We also provide a legal stability,” Humala said.¶ The Peruvian president also emphasized talks on other issues. “We have also discussed about education, training, science, technology, and strengthening the capacities of our young population. We wish to move forward on exchange programs and scholarships not only with the United States, but also with the states of the union, so that way we can provide young people more opportunities”.¶ Besides Obama, Humala is scheduled to meet with Vice President Joe Biden and Secretary of Defense Chuck Hagel.¶ Obama has stepped up the pace of engagement with Western Hemisphere nations since beginning his second term in January, and recently returned from a trip to Mexico and Costa Rica where he met regional leaders.¶ Biden just completed a six-day tour that included visits to Brazil, Colombia and Trinidad and Tobago.

#### Unique link – plan diverts US focus from TPP negotiations

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

In November 2011, President Barack Obama toured Asia and committed the United States to negotiating a "Trans-Pacific Partnership" (TPP) in order to harness Asian dynamism for the benefit of the U.S. economy. This seems like a good idea, but is actually a strategic mistake because it diverts scarce U.S. attention from a project that would have a more profound and positive effect on the U.S. economy and society--deepening economic integration in North America.

#### Negotiations are at a critical point – failures crushes strategic Asia ‘pivot’ and US leadership

Claude Barfield (former consultant to the office of the US Trade Representative and a resident scholar at the American Enterprise Institute) January 10, 2013 “Crunch time for the TPP” <http://www.eastasiaforum.org/2013/01/10/crunch-time-for-the-tpp/>, CMR

During President Obama’s recent trip to Asia, TPP nations set a deadline of October 2013 to conclude the negotiations. TPP members have blown past a previous deadline of November 2011: should they fail again at the end of 2013 there is the real danger that the talks will unravel, and East Asian nations will turn to alternatives, pushed strongly by China.¶ On 18 November, as President Obama embarked on the highly symbolic trip to Asia, his top security and economic adviser, Thomas Donilon, asserted that the TPP agreement is ‘the most significant negotiation currently underway in the international trading system’. It is also the central lynchpin of the Obama administration’s much touted diplomatic and security ‘pivot’ to Asia. Thus, should the negotiations falter or fail, the result would be not only a severe economic setback, but also a dramatic symbolic defeat for US leadership in the region.¶ Positively, in an era in which the United States is deeply divided over globalisation and free trade initiatives, the TPP enjoys unusual bipartisan support. Launched under the Bush administration, the agreement has been taken up as a signature accomplishment for President Obama’s second term. During the 2012 presidential campaign, however, Republican Party candidate Mitt Romney also voiced strong support for the pact. Since the election, Texan Republican Kevin Brady, who heads the all-important House trade subcommittee, has urged the president to ‘go big’ on trade during his second term, and complete the TPP in 2013.¶ Just what is the TPP and why is it so significant? The current negotiations grew out of a four-nation agreement concluded in 2006 by Chile, New Zealand, Brunei and Singapore. Subsequently, Australia, Peru, Vietnam and the United States signed on, followed in 2010 by Malaysia, and most recently by Mexico and Canada. Detailed negotiations began in early 2010, and since then there have been 15 formal sessions. The ultimate goal of the TPP is to include all of the nations in the APEC forum.¶ At the present time, should the 11-nation negotiation be successful, the TPP would encompass a free trade area covering some 658 million people, and almost US$21 trillion in economic activity. If South Korea and Japan join the negotiations, as many expect in 2013–14, the free market territory would expand to a combined GDP of US$26 trillion, constituting 30 per cent of world exports.¶ The TPP has been called the first ‘21st-Century Agreement’. If successful, it will put in place international trade rules to lower or eliminate behind-the-border domestic barriers to foreign competition. Among the 29 chapters under negotiation will be rules to open government procurement contracts to foreign competitors; rules to liberalise service sectors, such as telecommunications, banking and accounting; non-discriminatory health and safety regulations; fair competition with state-owned enterprises; and a level playing field for foreign investment.¶ Despite the emphasis on 21st-century regulatory reform, there are also longstanding 20th-century trade issues that will prove difficult to resolve. For the United States, the greatest challenges stem from sugar, dairy and cotton protection and subsidies; textile and so-called rules of origin that hamper clothing supply chains; and, finally, union demands for interference with the labour laws of TPP trading partners. In the end, the key to success will come down to trade-offs between 21st-century liberalisation and old-fashioned 20th-century protectionism.¶ The urgency to successfully conclude TPP negotiations is heightened by the appearance of an alternative path for Asian regionalism that does not include the United States. At the November 2012 East Asia Summit, ASEAN leaders, as well as Australia, China, India, Japan, New Zealand and South Korea, formally announced that they would begin negotiations in 2013 for a Regional Comprehensive Economic Partnership (RCEP), with the goal of concluding the pact by 2015.¶ Much of the impetus for this launch came from China, which has long pressed for an exclusive, intra-Asian regional economic architecture. Given the diversity of the membership (including still-closed economies, such as India and Indonesia, and less-developed economies, such as Laos and Cambodia) and an uncertain timetable, RCEP is not an immediate challenge to the TPP. But should the US-led pact dissolve into contentious, even intractable, conflicts that defy resolution, China’s preferred option of the RCEP will provide a hard-to-resist alternative.¶ Thus, much is riding on the ability of the Obama administration to advance TPP liberalisation goals, while crafting compromises that are acceptable both to other TPP partners and to the US Congress and business community.

#### Asia pivot key to solve multiple hotspots from escalating to nuclear war

Colby 11 – Elbridge Colby, research analyst at the Center for Naval Analyses, served as policy advisor to the Secretary of Defense’s Representative to the New START talks, expert advisor to the Congressional Strategic Posture Commission, August 10, 2011, “Why the U.S. Needs its Liberal Empire,” The Diplomat, online: http://the-diplomat.com/2011/08/10/why-us-needs-its-liberal-empire/2/?print=yes

But the pendulum shouldn’t be allowed to swing too far toward an incautious retrenchment. For our problem hasn’t been overseas commitments and interventions as such, but the kinds of interventions. The US alliance and partnership structure, what the late William Odom called the United States’ ‘liberal empire’ that includes a substantial military presence and a willingness to use it in the defence of US and allied interests, remains a vital component of US security and global stability and prosperity. This system of voluntary and consensual cooperation under US leadership, particularly in the security realm, constitutes a formidable bloc defending the liberal international order.¶ But, in part due to poor decision-making in Washington, this system is under strain, particularly in East Asia, where the security situation has become tenser even as the region continues to become the centre of the global economy.¶ A nuclear North Korea’s violent behaviour threatens South Korea and Japan, as well as US forces on the peninsula; Pyongyang’s development of a road mobile Intercontinental Ballistic Missile, moreover, brings into sight the day when North Korea could threaten the United States itself with nuclear attack, a prospect that will further imperil stability in the region.¶ More broadly, the rise of China – and especially its rapid and opaque military build-up – combined with its increasing assertiveness in regional disputes is troubling to the United States and its allies and partners across the region. Particularly relevant to the US military presence in the western Pacific is the development of Beijing’s anti-access and area denial capabilities, including the DF-21D anti-ship ballistic missile, more capable anti-ship cruise missiles, attack submarines, attack aircraft, smart mines, torpedoes, and other assets.¶ While Beijing remains a constructive contributor on a range of matters, these capabilities will give China the growing power to deny the United States the ability to operate effectively in the western Pacific, and thus the potential to undermine the US-guaranteed security substructure that has defined littoral East Asia since World War II. Even if China says today it won’t exploit this growing capability, who can tell what tomorrow or the next day will bring?¶ Naturally, US efforts to build up forces in the western Pacific in response to future Chinese force improvements must be coupled with efforts to engage Beijing as a responsible stakeholder; indeed, a strengthened but appropriately restrained military posture will enable rather than detract from such engagement. ¶ In short, the United States must increase its involvement in East Asia rather than decrease it. Simply maintaining the military balance in the western Pacific will, however, involve substantial investments to improve US capabilities. It will also require augmented contributions to the common defence by US allies that have long enjoyed low defence budgets under the US security umbrella. This won’t be cheap, for these requirements can’t be met simply by incremental additions to the existing posture, but will have to include advances in air, naval, space, cyber, and other expensive high-tech capabilities.¶ Yet such efforts are vital, for East Asia represents the economic future, and its strategic developments will determine which country or countries set the international rules that shape that economic future. Conversely, US interventions in the Middle East and, to a lesser degree, in south-eastern Europe have been driven by far more ambitious and aspirational conceptions of the national interest, encompassing the proposition that failing or illiberally governed peripheral states can contribute to an instability that nurtures terrorism and impedes economic growth. Regardless of whether this proposition is true, the effort is rightly seen by the new political tide not to be worth the benefits gained. Moreover, the United States can scale (and has scaled) back nation-building plans in Iraq, Afghanistan, and the Balkans without undermining its vital interests in ensuring the free flow of oil and in preventing terrorism.¶ The lesson to be drawn from recent years is not, then, that the United States should scale back or shun overseas commitments as such, but rather that we must be more discriminating in making and acting upon them. A total US unwillingness to intervene would pull the rug out from under the US-led structure, leaving the international system prey to disorder at the least, and at worst to chaos or dominance by others who could not be counted on to look out for US interests.¶ We need to focus on making the right interventions, not forswearing them completely. In practice, this means a more substantial focus on East Asia and the serious security challenges there, and less emphasis on the Middle East. ¶ This isn’t to say that the United States should be unwilling to intervene in the Middle East. Rather, it is to say that our interventions there should be more tightly connected to concrete objectives such as protecting the free flow of oil from the region, preventing terrorist attacks against the United States and its allies, and forestalling or, if necessary, containing nuclear proliferation as opposed to the more idealistic aspirations to transform the region’s societies. ¶ These more concrete objectives can be better met by the more judicious and economical use of our military power. More broadly, however, it means a shift in US emphasis away from the greater Middle East toward the Asia-Pacific region, which dwarfs the former in economic and military potential and in the dynamism of its societies. The Asia-Pacific region, with its hard-charging economies and growing presence on the global stage, is where the future of the international security and economic system will be set, and it is there that Washington needs to focus its attention, especially in light of rising regional security challenges. ¶ In light of US budgetary pressures, including the hundreds of billions in ‘security’ related money to be cut as part of the debt ceiling deal, it’s doubly important that US security dollars be allocated to the most pressing tasks – shoring up the US position in the most important region of the world, the Asia-Pacific. It will also require restraint in expenditure on those challenges and regions that don’t touch so directly on the future of US security and prosperity. ¶ As Americans debate the proper US global role in the wake of the 2008 financial crisis and Iraq and Afghanistan, they would do well to direct their ire not at overseas commitments and intervention as such, but rather at those not tied to core US interests and the sustainment and adaptation of the ‘liberal empire’ that we have constructed and maintained since World War II.¶ Defenders of our important overseas links and activities should clearly distinguish their cause from the hyperactive and barely restrained approach represented by those who, unsatisfied with seeing the United States tied down in three Middle Eastern countries, seek intervention in yet more, such as Syria. Indeed, those who refuse to scale back US interventions in the Middle East or call for still more are directly contributing to the weakening of US commitments in East Asia, given strategic developments in the region and a sharply constrained budgetary environment in Washington.¶ We can no longer afford, either strategically or financially, to squander our power in unnecessary and ill-advised interventions and nation-building efforts. The ability and will to intervene is too important to be so wasted.

### UQ – Yes TPP

#### Obama is pursuing TPP – sustained focus and momentum is key

Needham 6/26/13 (Vicki, “Trade agenda pushed by leading business group”, <http://thehill.com/blogs/on-the-money/1005-trade/307937-trade-agenda-pushed-by-leading-business-group>, CMR)

A leading business group is urging the Obama administration and Congress to ride a wave of recent momentum toward pursuing and completing a vast array of trade agreements that could boost U.S. jobs and economic growth. ¶ The Business Roundtable on Wednesday specifically pushed for the completion trade promotion authority (TPA) as the United States embarks on trade talks with the European Union and continues discussions on the 12-nation Trans-Pacific Partnership (TPP), in a letter to newly confirmed U.S. Trade Representative Michael Froman.¶ "For its part, Business Roundtable is working to educate leaders in Washington and people around the country on the importance of trade, U.S. trade agreements and TPA to enhancing U.S. growth and jobs," said Doug Oberhelman, chairman of BRT's International Engagement Committee.¶ "Reflecting this, a key trade priority is passing updated TPA legislation," he said. ¶ He said BRT recently launched the Trade Benefits America coalition with other business groups, which represent the manufacturing, services and agricultural sectors.¶ Froman told The Hill earlier this week that the White House is ready to engage with Congress on fast-track authority legislation, of which a mix of Republican and Democratic lawmakers have also expressed support. ¶ "With passage of the three FTAs, Russia PNTR, and several other trade measures during the last Congress, we see solid bipartisan support and momentum for promoting additional trade initiatives during this Congress," Oberhelman wrote. ¶ To that end, the White House said Wednesday that a primary reason for the president's trip to Africa is to promote a stronger business and trade relationship on the massive continent. ¶ "You'll hear, during the course of the trip, some of our ideas about ways that we can enhance and deepen our economic and trade relationships in Africa, our ideas for how to increase American investment in Africa and American opportunities in African economies," Jay Carney, White House spokesman, said on the flight to Senegal on Wednesday. ¶ While the trip is only the second to Africa for Obama during his presidency, Carney insisted that the administration has been working with many nations in improving their trading partnerships and is not too late to the game. ¶ "We are not too late and nor are we just engaging now," he said. ¶ "There have been engagements at a variety of high levels of the Obama administration throughout President Obama's time in office."¶ Still, he argued that there is no time to waste, which is why the White House will use the trip to ramp up the level of engagement.

#### Froman nomination provides new life to negotiations

Abrams 6/29/13 (Jim, “Senate backs Froman as next trade representative”, <http://www.nwasianweekly.com/2013/06/senate-backs-froman-as-next-trade-representative/>, CMR)

Froman has been serving as deputy national security adviser for international economic affairs and has been involved in coordinating White House policy on international trade, investments and energy.¶ When he announced Froman’s nomination, Obama credited him with helping negotiate the three free trade agreements.¶ One of his main responsibilities as USTR will be meeting a goal to complete negotiations this year on the Trans–Pacific Partnership, an Asian–Pacific trading bloc that includes the U.S., Australia, Canada, Malaysia, Mexico, Vietnam, Chile, New Zealand, Brunei, Singapore, Peru, and Japan.¶ The trade office will also be at the forefront of just-initiated trade liberalization talks with the European Union known as the Transatlantic Trade and Investment Partnership.¶ “He’s very smart, he’s very tough, he’s the right person for the job as the United States begins to negotiate trade agreements with Asia, the so-called TPP, as well as trade agreements with the Europeans,” said Senate Finance Committee Chairman Max Baucus, D-Mont., in support of the nominee.¶ Froman worked as Treasury Secretary Robert E. Rubin’s chief of staff during the Bill Clinton administration, He was a managing partner at Citigroup and a senior fellow at the Council on Foreign Relations before joining the Obama administration. (end)

#### US renewing focus on TPP – new trade chief

ICTSD 6/27 (Bridges Weekly Trade News Digest, “Senate Confirms Mike Froman as New USTR”, • Volume 17 • Number 23 • 27th June 2013, <http://ictsd.org/i/news/bridgesweekly/170543/>, CMR)

The new US trade chief is expected to quickly take on a heavy policy agenda, given the US’ efforts to conclude talks for a Trans-Pacific Partnership (TPP) Agreement with eleven other countries by year’s end. The US has also launched negotiations for a bilateral trade deal with the EU, with the first round of talks scheduled for July in Washington.

### Link

#### Process link – negotiations from the plan will bind the U.S. to regionalism, trading off with multilateral TPP

Villarreal and Fergusson 13 – Specialists in International Trade and Finance

M. Angeles and Ian F., “NAFTA at 20: Overview and Trade Effects”, Feb 21, <http://www.fas.org/sgp/crs/row/R42965.pdf>, CMR

Trans-Pacific Partnership (TPP) ¶ With the start of the Auckland Round in December 2012, Canada and Mexico began participating ¶ in the ongoing negotiations for a proposed TPP free trade agreement (FTA) among eleven ¶ countries in the Asia-Pacific region.84 The United States is an active participant in the ¶ negotiations and was among the first tranche of countries to join the original four members of the ¶ Trans-Pacific Strategic Economic Partnership (Brunei, Chile, New Zealand, and Singapore) to ¶ launch the TPP negotiations in the fall of 2008. With 26 negotiating groups and 29 chapters under ¶ discussion, the TPP partners envision the agreement to be “comprehensive and high-standard,” in ¶ that they seek to eliminate tariffs and non-tariff barriers to trade in goods, services, and ¶ agriculture, and to establish rules on a wide range of issues, including intellectual property rights, ¶ foreign direct investment and other economic activities. They also strive to create a “21st century ¶ agreement” that addresses new and cross-cutting issues presented by an increasingly globalized ¶ economy. ¶ While the United States has indicated that it is only negotiating bilateral market access in the TPP ¶ talks with countries with which it does not have FTAs—Brunei, Malaysia, New Zealand, and ¶ Vietnam—it has sought to go beyond current U.S. FTAs in its proposed rules chapters. This has ¶ become a point of contention in the talks and may become an issue for Canada and Mexico as ¶ well. The TPP may have implications for NAFTA in several areas, including intellectual property ¶ rights (IPR), investment, services, government procurement, as well as labor and environmental ¶ provisions. The related provisions in more recent free trade agreements that the United States has ¶ negotiated, such as those with Colombia, Panama, Peru, and South Korea, include commitments ¶ that go beyond NAFTA. If agreement is reached on a TPP, Canada and Mexico may have to ¶ adhere to stronger and more enforceable labor and environmental provisions, stronger IPR ¶ provisions, as well as some issues that were not addressed in detail in the NAFTA, such as ¶ disciplines on state-owned enterprises.

#### Perception alone triggers the link – plan signals the US isn’t committed, collapses the pivot

Japan Times 12 “Mr. Obama’s focus on Asia”, 11/24, <http://www.japantimes.co.jp/opinion/2012/11/24/editorials/mr-obamas-focus-on-asia/#.UdOYnvm1FiI>, CMR

Indeed, the critical question for the U.S. is the perception of its Asia policy. While the U.S. proclaims a new strategic focus on the region, the vast majority of these policies have been in place for over a decade.¶ The U.S. will continue to be deeply involved in Asian affairs. The U.S. leadership understands that its future vitality requires a deeper commitment to the region and a deeper appreciation of its value to the U.S.¶ But Mr. Obama fights an uphill battle — not because of actual constraints, but because of the perception that his resources are limited. Winning the public relations battle — the battle for Asian minds — is the real challenge for the U.S.

#### Plan drains Obama’s focus – agenda is finite

Pastor 13 – Professor and Director of the Center for North American Studies at American University (Robert A, “Speed Bumps, Potholes, and Roadblocks on the North American Superhighway”, Winter, Lexis, CMR)

Obama sought to warm the two bilateral relationships, but his agenda was so full - with two wars, a deep recession, and health insurance - that he could not devote the time or political capital to refashion the North American relationship. This is the political context that explains why the three governments failed to take any steps to flatten the speed bumps, fill the potholes, eliminate the roadblocks, tear down the walls, and stop extracting tolls in the absence of roads. Real integration stalled and went into reverse. The costs of doing business among the NAFTA countries increased.

#### Latin America policy drains diplomatic capital – crowds-out other issues

Rozental 10 – member of the Advisor board, president of Rozental & Asociados in Mexico City and senior fellow at the Brookings Institution (Andres, “What Do the U.S. Election Results Mean for Latin America?”, 11/8, <http://www.thedialogue.org/page.cfm?pageID=32&pubID=2505>, CMR)

A: Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior fellow at the Brookings Institution: "The results of the U.S. congressional elections can only be sobering news for Latin America in general, and Mexico in particular. With a political and foreign policy agenda in Washington already crowded with issues unrelated to our region, it would appear that the hemisphere will slip even further down on the list of priorities for both the Obama administration and Congress. The change of control in the House probably means that even if he really wanted to move the immigration and gun control agenda forward, President Barack Obama won't have the political capital needed to counter newly elected right-wing Republicans and Tea Party representatives who generally oppose comprehensive immigration reform or any limitations on Second Amendment rights to buy and own all types of weapons, many of which find their way to the drug cartels in Mexico and beyond. Although some analysts have forecast an increased foreign policy interest by the White House after the Nov. 2 elections, any such change will most probably focus on Afghanistan, India-Pakistan relations, Iran and the Middle East peace process, not on the immediate neighborhood. Congress has already reduced the amount of assistance under Plan Mérida to Mexico, Central America and the Caribbean, which was meant to materialize the 'shared responsibility' that the United States has rhetorically assumed for the war on drugs since Obama was elected two years ago. Nothing on his or the immediate congressional agenda would indicate today that relations with Latin America might substantially change during the remaining biennium of his first term."

### Link UQ

#### US prioritizing TPP over Mexico

Pastor 13 – professor and founding director of the Center for North American Studies at American University

Robert, “Shortcut to U.S. Economic Competitiveness: A Seamless North American Market”, POL ICY INNOVAT ION MEMORANDUM NO. 29, online, CMR

With rising competitive pressures from overseas and weak growth at home, the quickest external route to economic¶ recovery and enhanced competitiveness is to stretch the U.S. market to include 113 million Mexicans and 34 million¶ Canadians. The Obama administration has made it a priority to complete the Trans-Pacific Partnership (TPP) with Asia and¶ has announced its intention to launch a new U.S.-European Union Transatlantic Trade and Investment Partnership. But the¶ administration has neglected its two neighbors despite the fact that their combined product is more than six times that of¶ other TPP countries and that U.S. exports to them exceed those to the EU. Mexico and Canada are already the United¶ States’ two largest export markets, its two largest sources of energy imports, and in the case of Mexico, the largest source of¶ immigrants. The three countries also make products together. Unlike U.S. trade with most other countries, roughly 25 to 40 percent of the value of U.S. imports from Canada and Mexico comes from components made in the United States, and then assembled into finished goods in one of the two countries. Closer integration would translate into a more efficient supply chain and improved competitiveness. With labor costs in China rising to those in Mexico, and the cost of transportation across the Pacific increasing, a North American supply chain is not only more efficient than an Asian route, but it could also become a strong export platform to Asia. Moreover, if the United States seeks a unified approach to trade negotiations with Mexico and Canada, Asia and Europe will recognize that Washington has other options, and prospects for concluding transpacific and transatlantic trade deals would likely improve. For example, in the 1990s, world trade talks were stalemated until NAFTA was signed.

### Internal Link – Dip Cap Finite

#### Diplomatic capital is finite – plan prevents focus on more important issues.

Anderson and Grewell 1, Terry and Bishop, “The Greening of Foreign Policy,” <http://www.perc.org/pdf/ps20.pdf>, CMR

Greater international environmental regulation can increase international tension. **Foreign policy is a bag of goods that includes issues from free trade to arms trading to human rights. Each new issue in the bag weighs it down, lessening the focus on other issues and even creating conflicts between issues**. Increased environmental regulations could cause countries to lessen their focus on international threats of violence such as the sale of ballistic missiles or border conflicts between nations. **As countries must watch over more and more issues arising in the international policy arena, they will stretch the resources necessary to deal with traditional international issues.** As Schaefer (2000, 46) writes, **“Because diplomatic currency is finite . . . it is critically important that the United States focus its diplomatic efforts on issues of paramount importance to the nation**. Traditionally, these priorities have been opposing hostile domination of key geographic regions, supporting our allies, securing vital resources, and ensuring access to foreign economies.”

#### Diplomatic capital is finite – issues trade off.

Schaeffer 2k, Brett, Fellow in the Center for International Trade at Heritage Foundation, The Greening of U.S. Foreign Policy, page 46, CMR

**Diplomacy is the first option in addressing potential threats to U.S. national interests and expressing U.S. concerns and priorities to foreign nations. The daily conduct of diplomacy through U.S. missions and representatives is essential in articulating U.S. interests and eliciting cooperation and support for those interests abroad. Because diplomatic currency is finite—clearly, foreign countries and officials cannot be expected to endlessly support and promote U.S. concerns—it is critically important that the United States focus its diplomatic efforts on issues of paramount importance to the nation.** Traditionally, these priorities had been opposing hostile domination of key geographic regions, supporting our allies, securing vital resources, and ensuring access to foreign economies (Holmes and Moore 1996, xi-xvii).

### MPX – Economy

#### TPP is key to the US economy and successful Asia pivot

Sracic 13 (Paul, “The Odd Bipartisan Coalition That Could Sink Obama's Free-Trade Legacy”, 6/18, <http://www.theatlantic.com/politics/archive/2013/06/the-odd-bipartisan-coalition-that-could-sink-obamas-free-trade-legacy/276938/>, CMR)

The sheer scope of these deals is staggering. The TPP negotiations now include Brunei, Chile, Singapore, New Zealand, Canada, Australia, Vietnam, Peru, Malaysia, Mexico, and very soon, Japan. These nations have a collective GDP of about $11 trillion. For some perspective, U.S. annual GDP is $15 trillion; China's is $7.3 trillion. U.S. joining the TPP is like entering into a deal with a country that has the world's second-largest economy. It could add an estimated $76 billion per year to the U.S. economy. To put this in context, that's equal to about 90 percent of the money saved by this year's sequester. The TPP is also crucial to the administration's "Asia pivot." China is pursuing free-trade agreements in Asia, and the TPP is an effort to balance out Chinese potential dominance in the region.

### MPX – Asia Pivot S Arms Races + Extinction

#### Pivot solves Asian arms race – causes Armageddon

Blumenthal et al, current commissioner and former vice chairman of the U.S.-China Economic and Security Review Commission, 9-6-11

(Dan, member of the Project 2049 Institute’s Board of Advisors, was senior director for China, Taiwan, and Mongolia in the Secretary of Defense's Office of International Security Affairs; Mark Stokes is executive director of the Project 2049 Institute; Michael Mazza is a senior research associate in foreign and defense policy studies at AEI; Foreign Policy, “Avoiding Armageddon with China,” http://shadow.foreignpolicy.com/posts/2011/09/06/avoiding\_armageddon\_with\_china, accessed 9-7-11, CMR)

The paper argues that it is time for the United States to offer more serious assistance so that matters do not get out of hand. A strong U.S. presence and commitment to the region's security can help avoid a regional nuclear arms race, for example. The United States can be a force multiplier by providing the intelligence, surveillance, and reconnaissance that only Washington possesses, and by training, and equipping our allies and friends. This strategy is one way of beginning to put Asia back in balance as China changes the status quo. Not doing so, we fear, would lead to Armageddon.

### MPX – Asia Pivot K Economy

#### Effective Asia pivot key to the global economy

Richard N. Haass 11, former director of policy planning in the US State Department, is President of the Council on Foreign Relations, November 14, 2011, “Re-Orienting America,” online: <http://www.cfr.org/us-strategy-and-politics/re-orienting-america/p26490>, CMR

Something akin to this mistake has befallen American foreign policy. The United States has become preoccupied with the Middle East – in certain ways, the wrong Orient – and has not paid adequate attention to East Asia and the Pacific, where much of the twenty-first century's history will be written.

The good news is that this focus is shifting. Indeed, a quiet transformation is taking place in American foreign policy, one that is as significant as it is overdue. The US has rediscovered Asia.

"Rediscovered" is the operative word here. Asia was one of the two principal theaters of World War II, and again shared centrality with Europe during the Cold War. Indeed, the period's two greatest conflicts – the wars in Korea and Vietnam – were fought on the Asian mainland.

But, with the end of the Cold War and the demise of the Soviet Union, Asia receded from American interest. In the first decade of the post-Cold War era, the US trained much of its attention on Europe. American policymakers focused primarily on enlarging NATO to encompass many of the former Warsaw Pact countries, and on contending with the post-Yugoslav wars.

The second phase of the post-Cold War era began with the 9/11 terror attacks. What followed was a decade of US focus on terrorism and the large-scale commitment of American military forces to Iraq and Afghanistan. The two conflicts have claimed more than 6,000 American lives, cost more than $1 trillion, and consumed countless hours for two presidents and their senior staff.

But now this phase of American foreign policy is ending. President Barack Obama has announced that US armed forces will be out of Iraq by the end of 2011. In Afghanistan, US force levels have peaked and are declining; the only questions concern the pace of withdrawal and the size and role of any residual US military presence after 2014.

This is not to argue that the Middle East is irrelevant or that the US should ignore it. On the contrary, it is still home to massive oil and gas reserves. It is a part of the world where terrorists are active and conflicts have been common. Iran is moving ever closer to developing nuclear weapons; if it does, others may well follow suit. And it is a region now experiencing what could prove to be historic domestic political upheavals. There is also the unique American tie to Israel.

Nevertheless, there are grounds for the US doing less in the greater Middle East than it has in recent years: the weakening of al-Qaeda; the poor prospects for peacemaking efforts; and, above all, the mounting evidence that, by any measure, massive nation-building initiatives are not yielding returns commensurate with the investments.

At the same time, there are strong arguments for greater US involvement in the Asia-Pacific region. With its large populations and fast-growing economies, it is difficult to exaggerate the region's economic importance. American companies export more than $300 billion in goods and services to countries in the region each year. Meanwhile, Asian countries are a critical source of investment for the US economy.

Maintaining regional stability is thus critical for US (and global) economic success. The US has multiple alliance obligations – with Japan, South Korea, Australia, the Philippines, and Thailand – which are needed, in part, to deter North Korean aggression. Moreover, US policy must create an environment in which a rising China is never tempted to use its growing power coercively – within or outside the region. For this reason, recent US efforts to strengthen ties with India and several Southeast Asian countries make good sense.

The US is right to shift its focus from the Middle East to the Far East. The good news is that this conclusion seems to be shared across the US political spectrum. Mitt Romney, the likely Republican nominee for president, pledges to increase the rate of shipbuilding – a commitment linked to an increased US presence in the Pacific. And US Secretary of State Hillary Clinton speaks of America pivoting away from the greater Middle East: "The world's strategic and economic center of gravity is shifting east, and we are focusing more on the Asia-Pacific region."

Regardless of whether the twenty-first century will be another "American century," it is certain that it will be an Asian and Pacific century. It is both natural and sensible that the US be central to whatever evolves from that fact.

### MPX – Asia Pivot S China War

#### The Asia pivot independently checks china’s rise--solves world war 3

Macgregor 12 Douglas A. Mcgregor, contributor and is executive vice president of Burke-Macgregor Group, LLC. He is also a retire-d Army colonel, decorated combat veteran and the author of four books on military affairs, October 26th, 2012, Affording the “Pacific Pivot”, <http://nation.time.com/2012/10/26/affording-the-pacific-pivot/>, CMR

**In the turbulent decade leading up to** the outbreak of **World War I,** Winston **Churchill**, Britain’s First Lord of the Admiralty, **urged Britain’s national leadership to concentrate British naval power in the Atlantic and the North Sea where Germany’s rapidly expanding high seas fleet seemed determined to challenge British naval supremacy**. Churchill reasoned, “It would be very foolish to lose England in safeguarding Egypt. If we win the big battle in the decisive theater, we can put everything else straight afterwards. If we lose it, there will not be any afterwards.”¶ On the precipice of sequestration and with the survival of Social Security, Medicare and Medicaid at stake, **Churchill’s strategic rationale is instructive,** particularly **for leaders in Washington, D.C., who advocate a U.S. military buildup in the Pacific**.¶ When Churchill made the case for concentrating the British fleet in the Atlantic, he was practicing economy of force, a time honored principle in British military affairs.¶ In 1902, in the midst of a financial crisis brought on, in part, by the Boer War, London had already turned to Japan for military assistance in blocking Russian expansion in the Far East. By 1911, the Russian threat had disappeared beneath the waters of the Tsushima Strait, but the Anglo-Japanese Treaty still allowed the withdrawal of British naval and ground forces from Asia, facilitating the concentration of British military power in the Atlantic. The result was a debilitating blockade Germany could not overcome throughout the First World War.¶ Like the British at the beginning of the 20th Century, Washington suffers from a case of “Imperial Overstretch.” **Washington needs a new national security strategy**, one **designed to halt the dissipation of American military resources around the world and to concentrate it wherever it is needed.** For the moment, **the point of concentration is Asia**, **where China’s assertiveness opens the door to** the kind of **instability** **and** potential for **strategic miscalculation** that is **eerily similar to the crises and conflicts that preceded** the outbreak of **World War I** in Europe.

#### Asia Pivot checks Chinese rise

Schiavenza, 2013 (Matt, April 15, 2013, “What Exactly Does It Mean That the U.S. Is Pivoting to Asia?”, <http://www.theatlantic.com/china/archive/2013/04/what-exactly-does-it-mean-that-the-us-is-pivoting-to-asia/274936/>, 7/5/2013, PB)

So this is about China, then, isn't it?¶ Yes and no. Without question, China's rise is The Big Story in East Asia, and Beijing has been throwing its weight around the neighborhood more in the past handful of years, from clashing with Japan over the Senkaku/Diaoyutai Islands to laying an expansive claim elsewhere in disputed maritime territory. The United States is the only country with enough muscle to check China's rise, and many of the smaller countries in East Asia have sought reassurance from Washington that it remains invested in the region. It isn't a coincidence, as Economy notes, that The Philippines allowed the U.S. to resume hosting military forces at the Subic Bay base for the first time in almost 20 years.¶ But it's important to remember that Asia is a very large place, and that American interests there go beyond the desire to manage China's rise. Asia serves as the backdrop to many of the world's most pressing issues, from nuclear proliferation to climate change, and remains indispensable to the functioning of the world economy. So while the rise of China is the single biggest causal explanation for the pivot, it's far from the only one.

### MPX – China

#### TPP key to strategic pivot and independently counterbalances China

Mendis 3/6 (Patrick, Senior Fellow and Affiliate Professor at the School of Public Policy, George Mason University, “How Washington’s Asia pivot and the TPP can benefit Sino–American relations,” <http://www.eastasiaforum.org/2013/03/06/how-washingtons-asia-pivot-and-the-tpp-can-benefit-sino-american-relations/>, ME)

In November 2011, President Obama embarked on an unusually lengthy ten day tour of the Asia Pacific during which he met with over 25 heads of state, reiterating America’s commitment to and presence in the Asia Pacific and, most significantly, reaffirming the new Trans-Pacific Partnership (TPP).¶

The TPP aims to create a tariff-eliminating, free trade zone through a network of expansive trade agreements with eligible Pacific Rim economies. Launched in 2006 as a free trade pact between Brunei Darussalam, Chile, New Zealand and Singapore, the TPP has expanded to include negotiations with the Australia, Malaysia, Peru and Vietnam. It forms a key part of the Obama administration’s new ‘Asia pivot’ policy, which calls for a shift of security priorities from the Middle East and Europe to the Asia Pacific.¶ Yet China, the world’s second-largest economy and Asia’s dominant economic and trading power, is noticeably absent from the TPP. China views the TPP, and other aspects of the Washington’s pivot strategy (including the US Marine’s revived presence in Australia and strengthened ties to countries such as Indonesia, the Philippines, Singapore, Thailand, Japan, South Korea and Taiwan) as part of a new containment policy not unlike that employed against the former Soviet Union. According to state-run Chinese Xinhua news, American intervention in South China Sea disputes is seen as part of a set of ongoing ‘provocative moves’ under the guise of freedom of navigation. Overseas, Obama’s Asia pivot has also played out as a clear attempt to comprehensively contain China and to counterbalance a perceived China threat.¶ But Washington’s pivot strategy is better understood within a new framework of mutually assured prosperity (MAP) — a twist on the Cold War containment practices backed by a doctrine of mutually assured destruction (MAD).¶ First, at present, strong interdependent economic relations exist as importer–exporter, debtor–creditor and consumer–producer between the United States and China. This already forces the two countries to caution and resort to trade diplomacy within the WTO framework, rather than retaliatory competition or military threats to resolve differences.¶ Second, Sino–American trade and commercial history suggests that convergence between the two largest economies — intensifying indirectly and multilaterally through the TPP — may instead solidify this existing symbiotic economic relationship. Since America’s founding, commerce has been the uniting factor among states and with foreign nations. To achieve Thomas Jefferson’s vision of an ‘Empire of Liberty,’ Alexander Hamilton devised an ingenious strategy that entailed a strong manufacturing base, a national banking system, the centralised federal government and an export-led economic and trade scheme protected by the US Navy. Similarly, Deng Xiaoping’s export-led liberalisation of Chinese economic policy also implicitly recognised the role of trade and commerce as a unifier of peoples.¶ There are three dimensions to the new MAP framework — geopolitics, geo-economics and geo-security — intertwined to the extent that the lines of distinction between each are blurred. Geopolitically, Washington’s re-engagement with the Asia Pacific after a decade of distraction is not so much a paradigm shift as the revival of a traditional and historic role. Since the Cold War, the United States has underwritten the regional security architecture through bilateral ties with allies such as Australia, Japan, South Korea, the Philippines and Thailand. In recent years as South China Sea tensions have intensified, Beijing’s perceived use of force in its own neighborhood causes weaker states to question the necessity of its current status as a regional hegemon, and to look for a balancer. America’s return to the Asian region reassures stakeholders that China will not overwhelm its neighbors.¶ Economically, through trade engagement and transparency via the TPP, Washington affords smaller countries the opportunity to collectively rebalance asymmetries in bilateral trade with China without undermining China as a valued and vital trade partner. This simultaneously eliminates the need for naval competition, reducing the likelihood of hostile engagement over South China Sea disputes of the so-called gunboat diplomacy sort — a term often applied to Washington’s historically preferred method of advancing foreign trade policy objectives in Asia.¶ Meanwhile, from a security perspective, China will be able to continue to prosper from regional stability. The expansion of Chinese military capabilities and the establishment of ports of call for PLA Navy ships will seem less threatening if the US Navy is engaged in the region in a cooperative, multilateral fashion, avoiding direct confrontation but implicitly projecting the show of force without war to restrain the adversarial behaviour. This may give China the space to ease into its role as the dominant — but not domineering — regional power in a way that will best serve its own economic growth and national security interests. It is also the finest insurance policy for China that holds over $1 trillion worth of American treasury securities.¶ Ultimately, a regional TPP-led free trade zone is the best ‘pacifying’ security architecture for long-term stability between the two economic superpowers in the Pacific Ocean. The TPP will deliver benefits for individual restraint between the two power centres, and may advance regional development, encourage the integration of the Chinese economy, and allow surrounding nations to hedge their bets on (and therefore contribute to) China’s ‘Peaceful Rise.’ In the Asian century, alliances are complex, and multilateralism and flexibility are the new currency. This era of Sino–American relations will require measured diplomacy.

#### TPP key to asia pivot and contain China’s rise

Prestowitz 6/27 (Clyde, former US trade counselor in the Reagan administration and heads the Economic Strategy Institute in Washington, DC, “Opinion: The US's Feckless Trade Policy,” <http://www.asiasentinel.com/index.php?option=com_content&task=view&id=5526&Itemid=227>, CMR)

I was puzzled. I had not been aware that we had ever left. But what Froman was telling me was that TPP is mainly about geopolitics, not trade. It's part of the Pivot to Asia. It's to reassure Asian allies and friends that America will be there to offset the influence of China and it's about trying to contain China. To that end, Froman will not insist on the issue of currency being part of the negotiation. Nor will he call into question the activities of many of our partner countries in offering special subsidies to attract away from the United States in key industries.

#### TPP key to manage China’s rise

Koba 6/26/13 (Mark, Senior Editor @ CNBC, “The Huge Trade Deal You've Probably Never Heard Of”, <http://www.cnbc.com/id/100841981>, CMR)

But one analyst says the U.S. has reason to get something done sooner than later.¶ "America wants a solid presence in the Pacific region and the real goal of the deal is to eventually bring China into the TPP," said Hauskrecht.¶ "But if China doesn't come in, then the deal would isolate it, which might also work to U.S. plans," Hauskrecht argued.¶ "In other words," Hauskrecht added, "The TPP is a strategic tool for the U.S."

### MPX – China War

#### Unchecked Chinese rise causes global nuclear great-power war

Walton 7 – C. Dale Walton, Lecturer in International Relations and Strategic Studies at the University of Reading, 2007, Geopolitics and the Great Powers in the 21st Century, p. 49, CMR

Obviously, it is of vital importance to the United States that the PRC does not become the hegemon of Eastern Eurasia. As noted above, however, regardless of what Washington does, China's success in such an endeavor is not as easily attainable as pessimists might assume. The PRC appears to be on track to be a very great power indeed, but geopolitical conditions are not favorable for any Chinese effort to establish sole hegemony; a robust multipolar system should suffice to keep China in check, even with only minimal American intervention in local squabbles. The more worrisome danger is that Beijing will cooperate with a great power partner, establishing a very muscular axis. Such an entity would present a critical danger to the balance of power, thus both necessitating very **active American intervention** in Eastern Eurasia and **creating the** underlying **conditions for a massive**, and probably **nuclear, great power war**. Absent such a "super-threat," however, the demands on American leaders will be far more subtle: creating the conditions for Washington's gentle decline from playing the role of unipolar quasi-hegemon to being "merely" the greatest of the world's powers, while aiding in the creation of a healthy multipolar system that is not marked by close great power alliances.

#### Loss of Asian regional hegemony is the only existential risk---their wars pale in comparison

Layne 7 – Christopher Layne, associate professor of International Affairs at the Bush School of Government and Public Service at Texas A&M University, Fall 2007, “Who Lost Iraq and Why It Matters: The Case for Offshore Balancing,” online: <http://www.worldpolicy.org/blog/who-lost-iraq-and-why-it-matters-case-offshore-balancing>, CMR

The war’s ideological supporters are wrong. The United States is not failing in Iraq because “mistakes were made.” Rather, the decision to go to war was itself mistaken. From its inception, the invasion of Iraq was fated to be mission impossible, not mission accomplished, because the strategy was based on faulty assumptions and its objectives exceeded America’s grasp. The U.S. failure in Iraq should be a strong warning against provoking a military conflict with Iran, and the catalyst for a new regional strategy: offshore balancing.1 The key assumption underlying offshore balancing is that the most vital U.S. interests are preventing the emergence of an dominant power in Europe and East Asia—a “Eurasian hegemon”—and forestalling the emergence of a regional (“oil”) hegemon in the Middle East. Only a Eurasian hegemon could pose an existential threat to the United States. A regional hegemon in the Middle East could imperil the flow of oil upon which the U.S. economy and the economies of the advanced industrial states depend. As an offshore balancer, the U.S. would rely on the dynamics of the balance of power to thwart any states with hegemonic ambitions. An offshore balancing strategy would permit the United States to withdraw its ground forces from Eurasia (including the Middle East) and assume an over-the-horizon military posture. If—and only if—regional power balances crumbled would the United States re-insert its troops into Eurasia.

### MPX – Econ + Trade

#### TPP would help the economy, increase diplomacy and increase safety of trade

Manyin et al. 12 (Mark E. Manyin, Coordinator ¶ Specialist in Asian Affairs ¶ Stephen Daggett ¶ Specialist in Defense Policy and Budgets ¶ Ben Dolven ¶ Specialist in Asian Affairs ¶ Susan V. Lawrence ¶ Specialist in Asian Affairs ¶ Michael F. Martin ¶ Specialist in Asian Affairs ¶ Ronald O'Rourke ¶ Specialist in Naval Affairs ¶ Bruce Vaughn ¶ Specialist in Asian Affairs for the Congressional Research Service, “Pivot to the Pacific? The Obama ¶ Administration’s “Rebalancing” Toward Asia,” <http://www.fas.org/sgp/crs/natsec/R42448.pdf>, ME)

If successful, a broadly-based TPP could provide the United States with a number of economic, ¶ diplomatic, and strategic benefits. The trade agreement would increase U.S. access to the growing ¶ markets of Asia, help stimulate the growth in U.S. exports, generate export-related jobs, and ¶ foster an economic recovery, while enhancing the protection of U.S. intellectual property rights ¶ and ensuring that U.S. companies are competing in a more fair and impartial regional market. ¶ Diplomatically, the TPP agreement would demonstrate U.S. commitment and engagement in the ¶ region, plus help promote deeper ties with other member nations. Strategically, the potential risks ¶ associated with the transport of goods and services in the Asia-Pacific region would conceivably ¶ be reduced, as the TPP members would share a common interest in maintaining a reliable and ¶ safe flow of cargo across the Indian and Pacific Oceans.

### AT: No Spillover

#### Yes spillover – plan forces zero-sum foreign policy tradeoffs

Whitehead & Nolte 12 (Laurence Whitehead, senior research fellow in politics at Nuffield College, Oxford, and Detlef Nolte, acting president of the GIGA, director of the GIGA Institute of Latin American Studies, professor of political science at the University of Hamburg, Number 6, 2012, <http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_international_1206.pdf>, CMR)

Two years into Obama’s first term, researchers at the Brookings Institution revisited some ¶ of these ideas in light of the developments that ¶ had taken place so far (Lowenthal, Piccone, and ¶ Whitehead 2010). While the emphasis and interpretations of the various contributors differed, ¶ there was a general recognition that most of these ¶ initial hopes had been set too high. Symptomatic of this was the fact that the promise to close ¶ Guantanamo prison had not been honored, and ¶ that, after no more than the briefest of pauses, the ¶ “ALBA” group, led by President Chávez, had resumed its negative discourse. Obviously, the ¶ gravity of the economic crisis facing the incoming ¶ president had absorbed most of his energies, and ¶ in the foreign policy domain continuing and severe security challenges in Iraq, Afghanistan and ¶ elsewhere in the Muslim world had necessarily taken priority over less urgent Western Hemisphere concerns. On the domestic political front ¶ the new president had run into ferocious opposition to his healthcare reforms, and a deeply polarized internal climate had drastically reduced his ¶ room for maneuver on peripheral issues.

## Neg – China CP

### 1NC

#### Chinese-Mexican Investment mutually beneficial—kickstarts tech, trade, and overall development

**Xuequan- 6/6** (Mu, , “Chinese President Urges joint efforts to expand economic cooperation with Mexico,” *Xinhuanet*, 6/6/13, http://news.xinhuanet.com/english/china/2013-06/06/c\_124818247.htm)

MEXICO CITY, June 5 (Xinhua) -- Visiting Chinese President Xi Jinping on Wednesday called for joint efforts from business communities of China and Mexico to expand the two countries' economic cooperation. Both China and Mexico stand at a crucial stage of development, and the two emerging economies are complementary in such domains as resources, technology, capital and market, Xi said at a conference attended by Chinese and Mexican entrepreneurs. He noted that China and Mexico have just agreed to upgrade their bilateral relations to a comprehensive strategic partnership, which creates a more favorable condition and opens up a vaster space for the development of their trade and economic cooperation. The Chinese president urged both sides to always see each other as partner and important opportunity for development, and to strengthen China-Mexico economic and trade cooperation from a strategic perspective. Xi said that the two countries should foster new growth points for bilateral investment in such areas as energy, mining, infrastructure and high-tech industry, while tapping the full potential of their cooperation in traditional fields. The two sides should work in the spirit of mutual respect and mutual benefit to optimize their trade structure, resolve their differences through amicable negotiations and seek trade balance in an active manner, he said. Xi urged entrepreneurs on both sides to work jointly to increase their mutual understanding and strengthen strategic cooperation so as to push China-Mexico economic and trade cooperation to a higher level. Addressing the same conference, Mexican President Enrique Pena Nieto said China is an important partner for Mexico, and the upgrade of bilateral ties to comprehensive strategic partnership has opened broad prospects for economic and trade cooperation between the two countries. He said the two countries should explore new areas and new means of cooperation so as to promote a more balanced growth of bilateral trade and achieve win-win results. Mexico is willing to create favorable conditions to attract more Chinese investment, he added.

### 2NC Solvency

#### Mexico has a high incentive to work with the Chinese, investment could turn them into a global player

**Cordoba and Guthrie-- 6/5** (Jose and Amy, writers for WSJ, “Mexico, China Seek to Jump-Start Trade,” *Wall Street Journal*, 6/5/13, http://online.wsj.com/article/SB10001424127887323469804578525523377882046.html)

MEXICO CITY—Chinese President Xi Jinping signed a series of accords with Mexico on a trip here Tuesday, as he aims to jump-start an often tense relationship between the two rival exporting powerhouses. The deals cover areas including food, energy, mining, infrastructure and education. The two also agreed to resolve recent differences over textiles and to allow Mexico to sell pork and more types of tequila to China. Mexican President Enrique Peña Nieto said the agreements mark "a new phase" in the relationship between the two countries and said he agreed to visit China in 2014. Mr. Xi preceded his U.S. trip with three stops in Latin America, an important trading partner for China which needs the region's commodities—ranging from pork bellies to oil—to feed its people and stoke its powerful export engine. From Mexico, Mr. Xi will travel to California for a summit with President Barack Obama Friday and Saturday. Both Messrs. Xi and Peña Nieto are trying to make their mark as reformers. In a recent speech, Mr. Xi said China could stay "dynamic" only by keeping up with the times. Since assuming power in December, Mr. Peña Nieto has pushed through a number of long-stalled reforms. At the top of his agenda: opening up Mexico's energy sector to private investment, which would spur an investment boom and an increase in economic growth. "Mexico and China are two countries ascending in a new international order," said Mr. Peña Nieto as he welcomed Mr. Xi. The Chinese leader said both countries were ancient civilizations and share a similar history of struggle for independence which had created between the two peoples a natural affinity which make them "good friends and great partners." In the past decade, as China's manufacturing export-driven economy has surged, the Asian giant's trade with Latin America has sharply increased. But most of that has involved the acquisition of Latin American commodities, ranging from Brazilian soybeans to Chilean copper and Venezuelan oil. While most of Latin America has benefited from the high prices that Chinese demand has created for commodities, Mexico's case is different. Like China, it exports manufactured goods, mostly to the U.S., and its economy has suffered from China's emergence as the world's factory floor as Mexican-based maquiladoras moved to China, and Mexico's share of U.S. imports fell. But a decade later, the situation has changed. Rising wages in China have led to higher labor costs there, while high oil prices have made transportation more expensive. It is now cheaper to land many products in New York from Mexico than from China, said Jaime Serra Puche, a former Mexican trade minister. The transportation costs from China alone would be equal to a 12% tariff, he said. As a result, Mexico's share of the U.S. import market has risen from 10% to 13% over the past seven years. "Mexico has recovered the ability to compete vis-à-vis China to penetrate the U.S. market," Mr. Serra Puche said. Analysts say it is time for Mexico to take a more aggressive stance with China. "We now need for Mexican products to compete in China," said Luis de la Calle, a consultant and former Mexican trade negotiator. "We should now have an aggressive strategy instead of a defensive strategy with China." In an interview, José Antonio Meade, the Mexican foreign minister, said Mexico was hoping to gain greater access to Chinese markets, especially selling foodstuffs, manufactured goods, minerals and energy. China has a massive trade surplus with Mexico: Last year, it exported $57 billion worth of goods to Mexico, while Mexico only exported $6 billion to China. Mexico's current exports to China "are not representative of our potential if we had proper access to the market, and that will be part of the dialogue," Mr. Meade said. Mr. Meade emphasized that Mexico's relations with North America continue to be its main foreign-policy focus. Indeed, President Obama recently met with Mr. Peña Nieto during a visit here. Aside from commercial concerns, some analysts have suggested the Chinese visit to Mexico and other Latin American countries stems from a Chinese desire to show the flag in an area traditionally dominated by the U.S. as the U.S. turns its attention more and more to the Pacific, a region where China is flexing its economic and military muscle. China's interest in Mexico fits well with traditional Mexican efforts to balance the overwhelming weight of the U.S. on Mexican affairs by developing relations with other global powers, thus creating political maneuvering room. A U.S. official discounted the likelihood of any geopolitical strategy behind Mr. Xi's trip to rival Washington in its own hemisphere, as some believe the U.S. is trying to do with China in Asia. The official said China primarily wants to trade with Latin America. "I think they are looking for business opportunities, not payback," the official said. Meanwhile, Mexican manufacturers, sore about what they say are unfair Chinese subsidies, aren't optimistic about Mexico's ability to open Chinese markets. Mr. Rodríguez said Mexican industrialists expected little from the visit. "This is not the moment to receive China with a marching band and feast," said Julio Rodríguez, a top official at Mexican manufacturing group Canacintra. Mr. Rodríguez said Mexican industrialists expected little from the visit. He said Mexico had been naive in dropping tariffs on a host of Chinese goods in recent years, while the Chinese market remains for most purposes closed to Mexican goods. Mr. Rodríguez said Chinese manufacturers get export credits, have strong government support and enjoy the benefits of other unfair trade practices. "What we want is reciprocity," he said. "We want to compete on a level playing field." The two countries could find a middle way, some analysts say. For instance, both would profit if Chinese companies invest in factories in Mexico which would then take Chinese unfinished products, finish them in Mexico and then use Mexico's geographical advantage and preferential tariffs under the North American Free Trade Agreement to export to the U.S. and Canada. Auto parts could be such a win-win situation for both Mexico, which has become a leading car manufacturer, and China, as Mexico would create more jobs and China would cut down on transportation costs, said Mr. Rodríguez.

#### Mexico can access bigger markets through investment with China

**Jiabao- 12** (Li, writer for China Daily: Asian Pacific, “Mexico Invites Chinese Investments,” *chinadaily.com*, 5/16/12, http://www.chinadaily.com.cn/china/2012-05/16/content\_15313239.htm)

Mexico has a huge need for Chinese investments in infrastructure and tourism, said former Mexican president Vicente Fox Quesada. "Chinese investments in Mexico can make use of the competitive labor costs and move the products to the US as well as South America," he said.¶ Mexico is planning the Punta Colonet deep-water port with an investment of $8 billion, as well as the Cabo Cortes project, a 3,800-hectare hospitality and leisure real estate community in the southernmost tip of the peninsula of Mexico that will cost $292 million.¶ "Currently the ports of Long Beach and Los Angeles in the US, that handle 40 percent of the merchandize from China into the US, are saturated. The mega port in northern Mexico, which will be the third-largest port in the American Continent West Coast Pacific, will be the most convenient port for Asian imports into the Americas," he said.¶ The port, with a shorter distance to China than the Port of Los Angeles, will probably bring about great change to China’s trade with the Americas, said Zhang Wei, deputy president of China Council for the Promotion of International Trade.¶ Mexico’s tourism industry also welcomes Chinese investments, said Fox, adding that tourism contributed about 11 percent to its annual GDP growth and more than 23 million tourists visit the country each year.¶ China is the second-biggest trade partner of Mexico and bilateral trade surged 40 percent in2011 to $30.45 billion.¶

### 2NC Solvency – US Econ

#### **Chinese Engagement with Latin American countries will help create multilateral trade opportunities that include the US**

Brandt  et al 2012 (Jon, Nicole Adams Christina Dinh Devin Kleinfield-Hayes Andrew Tuck Derek Hottle Nav Aujla Kirsten Kaufman Wanlin Ren Chinese Engagement in Latin America and the Caribbean: Implications for US Foreign Policy AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE DECEMBER)

Executive Summary¶ China’s presence in Latin America and the Caribbean (LAC) has mushroomed in the last decade. The region has experienced a dramatic increase in economic, political, military, cultural, and diplomatic ties with China. Our research indicates that while these ties are not an imminent threat to the United States., the China-LAC relationship should be monitored closely, as these ties are likely to deepen in the future.¶ China’s emphasis on building South-South cooperation has given governments and businesses in the LAC region an alternative to the United States. While the United States is still viewed as a preferred economic partner to many LAC nations, we have found evidence **that** US market share of LAC trade is declining, Chinese financing in the region is increasing, and Chinese investments in LAC have grown**.**¶ In addition to a broader economic relationship with China, we have found evidence that some LAC countries are experiencing increased military activity with China. LAC’s rising number of small arms transactions, high-level defense visits, and military student exchange programs with China are of interest to the United States.¶ Our research has also concluded that LAC countries are interacting with China through other platforms, such as high-level visits by Chinese officials, the establishment of Confucius Institutes, and participation in LAC regional organizations.¶ Specifically focusing on the Caribbean, which we argue has been largely ignored by the United States, China has expanded its presence in the region. We contend China’s motivations for its recent interest in the Caribbean range from acquiring raw materials to seeking support from specific nations in international organizations, such as the United Nations.¶ While we conclude these developments in LAC warrant future observation, they presently do not significantly threaten US national security or other interests. In our paper, we suggest these areas instead represent an opportunity for trilateral cooperation between the United States, China, and the countries of Latin American and the Caribbean. Our paper makes specific recommendations as to what these opportunities are.¶ Overall, we argue the United State should welcome China’s involvement in LAC by encouraging it to be a responsible and productive stakeholder. While US and Chinese interests will diverge in some sectors, this is not a cause for alarm. Engaging China multilaterally in the region can benefit not only Latin America, the Caribbean, and China, but also the United States.

Chinese trade in the LAC region benefits the US economy

Brandt  et al 2012 (Jon, Nicole Adams Christina Dinh Devin Kleinfield-Hayes Andrew Tuck Derek Hottle Nav Aujla Kirsten Kaufman Wanlin Ren Chinese Engagement in Latin America and the Caribbean: Implications for US Foreign Policy AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE DECEMBER)

G. Infrastructure Investment¶ One of the major issues concerning Latin America and its US trade partners is the outdated infrastructure and its effects on import and export activities throughout the region. In 2011, Latin America had one of the lowest proportions of paved roads (as a percentage of total road network) across all regions at 22.2 percent, second only to Sub- Saharan Africa at 18.8 percent.Overall, there has been a very low rate of infrastructure investment by Latin American governments with the average ranging between 1 percent and 2 percent of their GDP. Other challenges include bureaucratic obstacles and flawed project implementation that inhibits Latin America’s infrastructure competitiveness.Latin America’s poor infrastructure in regards to its roads, railways, and ports, hinders its export transfer and cost efficiency. In fact, transport costs pose higher barriers to Latin America’s products entering US markets than tariffs. Thus, China has taken a more active role to finance infrastructure projects within the region.¶ The Inter-American Development Bank (IDB) and the Export-Import Bank of China (China Ex-Im Bank) have agreed to establish an infrastructure investment mechanism to finance public and private sector projects in the IDB borrowing member countries. In addition, China has proposed a $5 billion cooperation fund for infrastructure investment and a $10 billion credit line to support the construction and infrastructure companies in the region.Such infrastructure investments present a beneficial outcome for Latin America, China, and the United States.¶ For Latin America, infrastructure investment will benefit other aspects of their economies such as competitiveness, productivity, and trade. On China’s side, this allows for a better export and import environment, but also opportunities to further expand the use of the RMB currency in diverse markets. China’s infrastructure investment in Latin America poses no current concern to the United States. Chinese infrastructure investment invariably benefits the United States as it creates a more modern export and import environment for future trade.

H. Agriculture¶ China is continually expanding its agricultural investment program primarily focused on Argentine and Brazilian soybeans. China’s agricultural investments have been centered on land acquisition as well as investment in Latin agricultural companies. China now has invested $5.6 billion in Argentina alone, overshadowing its previous total investment of $143 million between 1990-2009. However, China has had some pushback from the Argentinean and Brazilian governments regarding its acquisition of lands. Argentina and Brazil now limit foreign ownership of agricultural land. Analysis indicates that China’s increased agricultural investments in Latin America pose no current threats to the United States.

### 2NC Solvency – Integration

#### Working with China’s established presence in the region could provide the US with an important opportunity to further unite North America

Brandt  et al 2012 (Jon, Nicole Adams Christina Dinh Devin Kleinfield-Hayes Andrew Tuck Derek Hottle Nav Aujla Kirsten Kaufman Wanlin Ren Chinese Engagement in Latin America and the Caribbean: Implications for US Foreign Policy AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE DECEMBER)

I. Introduction¶ China’s presence in Latin America and the Caribbean (LAC) has grown dramatically in the last decade. Its economic, political, military, cultural, and diplomatic ties with the region have mushroomed. China has become an alternative partner (to the United States and Europe) for governments and business in the LAC region. However, the United States is still a prominent actor – if not the prominent actor in the hemisphere – and we do not believe China’s role in LAC threatens the US national interest. Nevertheless, there are some trends relating to China that need to be monitored closely.¶ II. Economic Analysis¶ A. Overview¶ Over the past decade Chinese economic engagement with Latin America has exploded. Today China is the top trade partner of Brazil and Chile and the second largest trade partner of Argentina and Peru. We have also seen similar effects in financing and foreign direct investment in energy, natural resource extraction, and commodities. These trends should provide impetus for the US to act strategically towards China’s recent engagement with the region. The US has the opportunity work cooperatively with the Chinese in Latin America and the Caribbean and promote economic, financial and development norms.¶ B. Market Share of **Trade Exports**¶During the Obama administration, US exports to Latin America increased by more than $200 billion to $650 billion and today comprise 42 percent of overall US exports.1 This record-breaking level of exports supported 9.7 million exports-related jobs in 2011, an increase of 1.2 million exports-related jobs since 2009.2 **Yet** despite an increase in US exports to Latin America in dollar terms over the past decade, the US’s share of Latin American trade declined from 53 percent to 39 percent over the same period**.34¶** China’s market share of Latin American trade grew from less than 2 percent in 2000 to 11 percent in 2010 **According to the World Trade Atlas,** Mexico's imports from China increased from less than 2 percent of its total imports a decade ago to 14 percent today, **Brazil's from 2 percent of Brazil's 12 percent, Argentina's percent to 12 percent, Chile's from 6 percent to 13 percent, and Peru's imports from 4 percent to 15 percent. Essentiall**y, Latin American countries, which have long been big buyers of US goods, are increasingly making a larger proportion of their purchases from China.5 Assuming this trend continues, there are huge implications for US exporters and jobs. Although US exports do not necessarily compete with China’s (the United States primarily sells high technology goods such as aircraft, and medical equipment to the region, while China sells mostly apparel and consumer electronics), US exporters face the challenge of competition not only from China’s undervalued currency but also from China’s manufacturing sector.6 For example, Chinese automakers are making valuable gains in emerging auto markets by focusing less on quality and design and more on ruthless cost-cutting. These measures significantly challenge companies like General Motors that are looking to emerging markets for growth but have considerably higher sticker prices on their cars. 7¶ A trade agenda is one of the best tools that the US has not only to increase exports to Latin America and create jobs for American workers but also to promote a trade and investment regime that will enhance the Western Hemisphere’s economic competitiveness. While the negotiation of a Free Trade Area of the Americas (FTAA) has struggled to advance over the past decade, the United States could take the initiative to organize the existing 12 US Free Trade Agreements (FTAs) in the Western Hemisphere into a more coherent (and integrated) regional group.An example would be to lessen the impact of restrictive rules of origin, which can distort trade and can increase transaction costs, thus facilitating the movement of goods between countries with similar agreements. Another benefit of a regional group is an increase in scale economies, which lowers the average cost of production.9¶ A trade agenda also has important foreign policy implications. China’s growing economic presence in the Americas provides Latin American and Caribbean nations with additional trade and investment options that reduce US leverage to promote open market, democratic values. US efforts to promote labor and environmental reforms through trade agreements are undermined when other nations have the ability to sign similar agreements with China that do not include similar provisions.**10 For example,** China’s FTAs with Chile and Peru liberalize agriculture and markets for lower value-added manufactured goods but do not include deregulation and liberalization of services and investment and stronger protection of intellectual property rights.**11** US FTAs seek to raise the economic competitiveness of both signatories through the harmonization and modernization of services and investment.12It is worth noting that the US and Brazil have shared challenges with respect to China and can develop a common agenda on several issues. For example, both Brazil and the US face the challenge of competition not only from China’s undervalued currency but also from China’s manufacturing sector. In Brazil, for example, textiles, clothing, footwear, industrial machinery and equipment, and office machines have been hard hit in the domestic market. This explains the rise of anti-dumping investigations by Brazil against Chinese imports. In the last two months, Brazil has initiated anti-dumping investigations on Chinese carbon steel pipes, tires for motorcycles, basic refractories, and nylon yarn.This may provide an opportunity for the US and Brazil to pursue a common diplomatic cause to press the Chinese to allow the renminbi to appreciate against the US dollar and the Brazilian real.

### UQ – Relations Growing

#### Talks between Mexico and China show that relations between the two are growing

NY Times 6/14 “Chinese President Makes Bridge-Building Trip to Mexico” <http://www.nytimes.com/2013/06/05/world/americas/xi-makes-bridge-building-trip-to-mexico.html?_r=2&> MLF

¶ China has moved forcefully to secure oil and other commodities in South America over the past decade. Mexico — Latin America’s second-largest economy — has played a different role though, not supplying China but competing with it to export manufactured goods like electronics and clothing to the United States.¶ ¶ President Xi’s visit to Mexico, coming only two months after President Enrique Peña Nieto of Mexico traveled to China, is an effort to recast the relationship under two new leaders.¶ ¶ The trip underscores China’s growing ties in the hemisphere. Before arriving in Mexico, President Xi visited Central America and the Caribbean, further securing his nation’s foothold there. In Trinidad and Tobago, he met with 10 Caribbean leaders and promised $3 billion in loans for projects in the region, according to Bloomberg News. Among the loans was one for $250 million to build a children’s hospital in Trinidad, the Caribbean’s largest energy supplier.¶ ¶ China has given billions in loans and aid to Caribbean nations to build stadiums, roads, ports and tourist resorts, and Mr. Xi’s visit came days after Vice President Joseph R. Biden Jr. met with 15 regional leaders in Trinidad, drawing a sharp contrast about what the two countries had to offer the area’s tiny economies.¶ ¶ Mr. Biden announced no new initiatives, though he spoke about providing help for clean energy research and education and promised to dismantle remaining trade and investment barriers.¶ ¶ On Sunday, Mr. Xi traveled to Costa Rica — which has no diplomatic ties with Taiwan — and promised almost $300 million in loans to finish building a highway. The trip sent a clear message to other Central American countries that by withdrawing their recognition of Taiwan “they could get goodies too,” Kevin P. Gallagher, a professor at Boston University, wrote in an e-mail.¶ ¶ Latin American leaders have long complained that Washington pays too little attention to the rest of the hemisphere’s concerns, and China has begun to take advantage of that perception.¶ ¶ As Latin America and the Caribbean become less dependent on the United States, “they have another economic ally, and that economic ally is a superpower,” said S. Lynne Walker, the director of the China-Americas program at the Institute of the Americas in California.¶ ¶ Matt Ferchen, a scholar at the Carnegie-Tsinghua Center for Global Policy in Beijing, suggested that President Xi’s itinerary may also be intended as a message to the United States. “China wants to remind the U.S. that just as the U.S. has influence in regions close to China, China too has rising influence in the Americas,” he wrote in an e-mail.¶ ¶ Analysts will be watching the trip closely for signs that Mexico and China are taking steps toward changing their frosty relationship.¶ ¶ Mexico’s government would like to narrow its large trade gap with China. Last year, Mexico imported $57 billion in goods from China and sent back only $5.7 billion in products, according to Mexico’s Ministry of Economy.¶ ¶ The two countries announced a series of agreements late Tuesday covering energy, trade and education. “We agree on the importance of balancing our trade and investment relationship,” Mr. Peña Nieto said, noting promises from China to start by accepting more tequila and pork imports.¶ ¶ China could also send a strong message by announcing investments in Mexican manufacturing, experts said, perhaps in the automobile industry.¶ ¶ “At least having the possibility of greater Chinese investment on the table might allow China and Mexico to move beyond their up-till-now quite dysfunctional and competitive relationship,” Mr. Ferchen wrote.¶ ¶ Still, China’s interest in natural resources leaves little doubt that it is looking at future oil deals in Mexico. In a symbolic move, Mexico’s state-owned oil monopoly, Pemex, signed an agreement during Mr. Peña Nieto’s visit to China in April to ship 30,000 barrels a day to Sinopec, a state-owned company there.¶ ¶ Mexico’s Congress is expected to begin debating measures to open the country’s closed oil industry to outside investment later in the year, although it is unclear how far that opening will go.¶ ¶ Still, “in Mexico the goal is to get to the head of the line in energy reform,” Mr. Gallagher wrote.¶ ¶ Despite China’s rising influence in Latin America, the United States has an opportunity to improve relations with the region, he added.¶ ¶ “As excited as Latin American governments are about the new trade and finance from China, they are also getting concerned about an overreliance on commodities and about the heavy toll on the environment Chinese-led growth has exacted,” he said.¶ ¶ The problem is that the United States is not making an attractive enough counteroffer, he said: “We used to be able to dangle access to the biggest economy in the world, but that is no longer enough.”

#### China-Mexico relations is on a fast track to full cooperation

Global Times 6/7 “Chinese President Xi leaves Mexico for US, to hold summit with Obama” <http://www.globaltimes.cn/content/787503.shtml#.UdcW5flQFOI> MLF

Chinese President Xi Jinping concluded his three-day state visit to Mexico on Thursday and departed for California, where he will meet US President Barack Obama for the first time since taking office in March.¶ Xi flew to Merida, capital of the state of Yucatan of Mexico, Wednesday afternoon.¶ On Thursday morning, the president had a tour of Chichen Itza, an archaeological zone built by the Mayan civilization.¶ Chichen Itza, situated in the eastern region of the state of Yucatan, serves as the pride of Mexico.¶ Soon after his arrival in Mexico City Tuesday afternoon, Xi held talks with his Mexican counterpart Enrique Pena Nieto on bilateral cooperation and regional issues of common interest.¶ The two leaders agreed in their discussion to lift the bilateral relationship to a comprehensive strategic partnership.¶ Xi said the decision to upgrade the bilateral relationship is a realistic requirement, and it also sets a clear target for the development of bilateral relations.¶ Pena Nieto, for his part, said the upgrade of Mexico-China ties indicates that bilateral cooperation has entered a new stage.¶ The two heads of state agreed that China and Mexico will maintain exchanges between high-level leaders, political parties and legislatures.¶ They will also give full play to the existing consultation and dialogue mechanisms, and improve coordination on each other's development strategies.¶ The two sides vowed to improve practical cooperation in accordance with their development strategies, and agreed to increase mutual investment in key areas such as energy, mining, infrastructure and high technology.¶ In order to promote trade balance, China expressed support for the increase of imports from Mexico, while Mexico promised to create favorable conditions for Chinese investors.¶ Both countries agreed to encourage more exchanges between art troupes, promote tourism and strengthen communication among students, academics, journalists and athletes.¶ As a result of consultations, China will build a Chinese cultural center in Mexico City, the first in Latin America and the Caribbean, and Mexico will establish a Mexican cultural center in Beijing as well.¶ The two countries also agreed to maintain close communication and coordination on global economic governance, energy security, food safety and climate change.¶ China-Mexico relations have developed at a fast pace since the two countries became strategic partners in 2003. The two countries have maintained frequent exchanges of high-level visits and deepened mutual political trust.¶ China is Mexico's second largest trading partner in the world, while Mexico is China's second biggest trading partner in Latin America. Last year, the two-way trade between the two countries was registered at 36.6 billion US dollars.¶ By the end of last year, China's investment in Mexico totaled 340 million dollars, while Mexico's investment in China was 106 million dollars.¶ Mexico is the last leg of Xi's three-nation Latin America tour, which has already taken him to Trinidad and Tobago and Costa Rica.¶ The China-US summit, the first between the presidents of China and the United States since both nations carried out their most recent leadership transitions, will be held in Rancho Mirage, Calif., on Friday and Saturday.¶ Xi and Obama are expected to exchange views on domestic and foreign policies, as well as issues of pivotal importance and regional and international issues of common concern, Chinese officials have said.¶

### UQ – Brink

#### China is an untapped resource to Mexico and that needs to change

Maquilafind 6/6 “Infrastructure, anchor sector for Chinese investment in” <http://www.maquilafind.com/infrastructure-anchor-sector-for-chinese-investment-in-mexico> MLF

After the National Development Plan was presented last May 20th, and prior to the visit to be made by China’s President, Xi Jinping, to Mexico next June, infrastructure projects are seen as an opportunity to foster China’s investment in Mexico, Amapola Grijlava, Vice-president of Mexico-China Chamber of Commerce and Technology, said.¶ In a press conference, she pointed out that potential value of Chinese investment in Mexico is around US$50 billion for ports, airports, railways and telecommunications.¶ There are also US$10 billion potentially to be invested in refineries refurbishing and a similar figure to build new refineries, Grijalva said and added that potential investments on infrastructure and technology for telecommunications is around US$11 billion in the short term.¶ “Mexican engineers have made great progress in informatics and we also have conditions there to develop synergies among our companies in the field of software and related subjects”, she said.¶ She also spoke about China’s drive on technology for gas, petroleum and mining exploration, and further said that this, through cooperation, may provide Mexico with an advantage for energy self-sufficiency.¶ Ms. Grijalva once again asked China’s Government to grant all facilities and tear down technical barriers for the free trade of Mexican products in China, “as a reciprocity measure, taking into consideration openness to trade offered by Mexico to the world”.¶ Last, she pointed-out that the Chamber’s agenda for 2013-2018 focuses on promoting respect to intellectual property and acknowledging good business practices, which include environment issues, labor rights protection and observance of tax obligations, to provide for a stable business environment suitable for every businessman, notwithstanding the origin of investments.

1. For a full analysis of the when and how oil dependence leaves states vulnerable to coercion, see Rosemary A. Kelanic, “Black Gold and Blackmail: The Politics of International Oil Coercion” (PhD dissertation, University of Chicago, 2011). [↑](#footnote-ref-1)
2. For important exceptions, see Kelanic, “Black Gold and Blackmail.” [↑](#footnote-ref-2)
3. Jerome B. Cohen, *Japan’s Economy in War and Reconstruction* (Minneapolis: University of Minnesota, 1949). [↑](#footnote-ref-3)
4. On the security dilemma see Robert Jervis, “Cooperation Under the Security Dilemma,” *World Politics*, Vol. 30, No. 2 (January 1978), pp. 167-214; and Charles L. Glaser, “The Security Dilemma Revisited,” *World Politics*, Vol. 50, No. 1 (October 1997), pp. 171-201. [↑](#footnote-ref-4)
5. In terms of bargaining theory, see Robert Powell, *Bargaining in the Shadow of Power* (Princeton: Princeton University Press, 1999), Chp. 3. [↑](#footnote-ref-5)
6. For a generally skeptical analysis of the standard resource war arguments see David G. Victor, “What Resource Wars,” *The National Interest* (November/December 2007). [↑](#footnote-ref-6)
7. For related points, see Shaffer, *Energy Politics*, pp. 67-70, who identifies additional examples that I do not address, including the Spratly Islands in the South China Sea and the Arctic Circle. [↑](#footnote-ref-7)
8. Still another path is for a state to intervene in an energy-driven conflict to protect its access to oil; this is an example of how various mechanisms could overlap with each other. [↑](#footnote-ref-8)
9. This can be understood as a form of alliance entrapment; see Glenn H. Snyder, “The Security Dilemma in Alliance Politics,” *World Politics*, Vol. 36, No. 4 (July 1984), pp. 461-495. [↑](#footnote-ref-9)
10. For analysis arguing that the conventional wisdom greatly exaggerates the economic cost of disruptions and that the costs of most disruptions would be too small to warrant U.S. military intervention, see Eugene Gholz and Daryl G. Press, “Protecting ‘The Prize’: Oil and the U.S. National Interest,” *Security Studies*, Vol. 19, No. 3 (2010), pp. 453-485. [↑](#footnote-ref-10)
11. Deutch and Schlesinger, Chairs, *National Security Consequences of U.S. Oil Dependency*, p. 53. [↑](#footnote-ref-11)
12. Caitlin Talmadge, “Closing Time: Assessing the Iranian Threat to the Strait of Hormuz,” *International Security*, Vol. 33, No. 1 (Summer 2008), p. 87-88; and William D. O’Neil, “Correspondence: Costs and Difficulties of Blocking the Strait of Hormuz,” *International Security*, Vol. 33, No. 3 (Winter 2008/09), pp. 190, 195. [↑](#footnote-ref-12)
13. Talmadge, “Closing Time.” [↑](#footnote-ref-13)
14. Barry R. Posen, “U.S. Security Policy in a Nuclear-Armed World, Or: What if Iraq had had Nuclear Weapons?,” *Security Studies*, Vol. 6, No. 3 (Spring 1997), pp. 1-31, quote at pp. 4-5. [↑](#footnote-ref-14)
15. Talmadge, “Closing Time.” [↑](#footnote-ref-15)
16. For discussion of some of the implications of various types of missile basing and the incentives for counter-nuclear attacks, see Charles L. Glaser and Steve Fetter, “Counterforce Revisited: Assessing the Nuclear Posture Review’s New Missions,” *International Security*, Vol. 30, No. 2 (Fall 2005), pp. 84-126. This type preventive attack would be tactical, not strategic, in that it would reflect the dangers of a change in the operational capability of deployed forces rather than of a change in the underlying balance of power that would make possible a shift in deployed capabilities. [↑](#footnote-ref-16)
17. On this type of danger see Barry R. Posen, *Inadvertent Escalation, Conventional War and Nuclear Risks* (Ithaca: Cornell University Press, 1991). [↑](#footnote-ref-17)